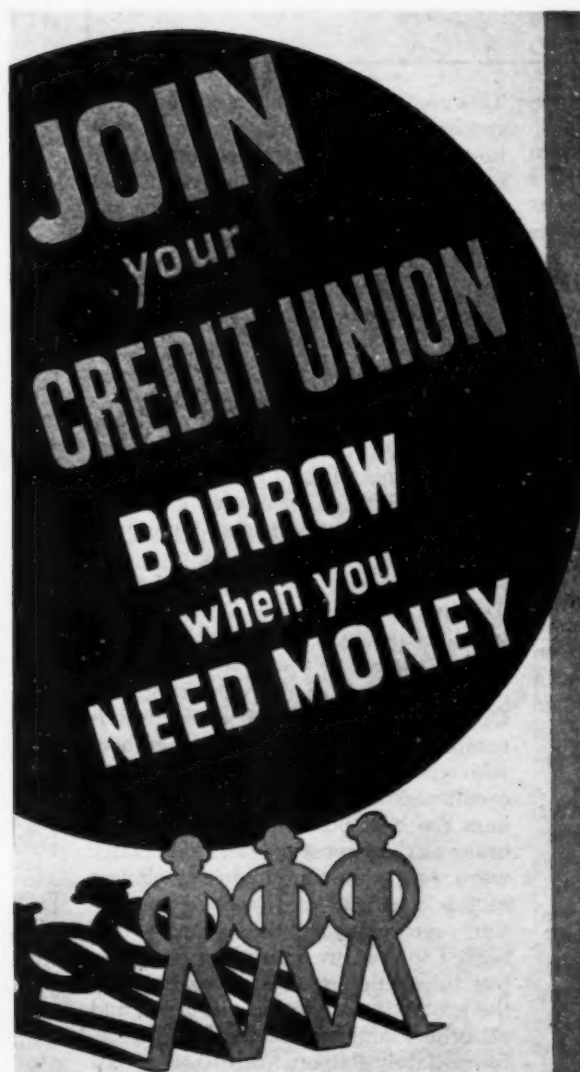


# Bridge

Official Publication  
Credit Union National Association



Some of the purposes for which a credit union may loan money to members ...

1. To pay off piled-up bills
2. To pay hospital expenses
3. To pay the doctor and the dentist
4. To make house improvements
5. To pay rent
6. To buy furniture
7. To save money on purchases by getting reductions for cash
8. To pay cost of school and college courses
9. To finance vacation trips
10. To consolidate and pay up long-standing debts
11. To pay taxes
12. To pay insurance premiums

and

For any other useful purposes for which you may need money

*The Credit Union—Operated By and For Its Members*

FOR COMPLETE INFORMATION SEE

See Page 21

**FEBRUARY 1946**

*Here Are Tips and Ideas for New and Old Directors and Committee Members*

# Congratulations!

TO new and old credit union directors and committee members as you start your new terms. As you well know we are in the midst of crucial times, but there is every reason to feel confident that credit unions will again ground rapidly from now on, with the removal of war-time conditions, and the opening up of production of civilian goods. You are therefore taking hold at a time of great opportunity as well as of great responsibility.

*More power to you!*

## Took War In Stride

I AM PARTICULARLY PROUD of a certain credit union I organized several years before the war. This credit union was one that took hold with the members at once and had a steady normal growth from the start, not brilliant but sure, because the directors were active, believed in the credit union ideal and educated the members of the credit union to use their credit union. About 350 persons are eligible for membership and only a few have failed to join.

I have attended every annual meeting of this credit union, some of which were attended by more than 100 members, and I am always amazed at the way the meeting is handled. Each of the nine directors makes a report at the meeting—each tells of his job on the board (and each director has a job) and what has been accomplished in his department. All but one of these directors, including the treasurer, works by the hour.

Much of the credit union activities, such as the board of directors meetings, are held after working hours, as is the work of the credit committee, supervisory committee, educational committee, etc. The treasurer is permitted 3 hours a week to make collections during working hours but he does rest of work after hours.

This credit union took the war in its stride and its outstanding loans actually increased during the war in spite of government regulations and other wartime difficulties. For prolonged periods the members of this credit union worked 60 and 70 hours per week and yet the directors found time to carry on their jobs. They have made mistakes, but they also made loans—loans to members with short company service and loans to members subject to draft call...

This credit union is coming through the war with flying colors—much better than credit unions who were afraid to move ahead during the war.

This credit union is successful for one reason—its directors sincerely believed in the credit union movement and its ideals. They believed they had a job to do in war as in peace and they performed their tasks unafraid in spite of all wartime conditions.—M. F. Gregory, president, Illinois Credit Union League in ILLINOIS CREDIT UNION NEWS.

## War Restrictions Out

EFFECTIVE JANUARY 1, 1946, all restrictions in Cuna Mutual Loan Protection and Life Savings Insurance contracts affecting military personnel have been removed.

In announcing the removal of these restrictions Thomas W. Doig, managing director of Cuna Mutual Insurance Society, wrote to members:

"The Board of Directors of the CUNA Mutual Insurance Society is comprised of credit union members who are striving constantly to afford credit unions and credit union members the best possible insurance coverage at the lowest possible rate. They were very reluctant to insert clauses in the contracts of the Society some time ago reducing the coverage afforded to men in the military service, but this action seemed necessary for the protection of your credit union and all others affiliated with the Society. Immediately upon termination of hostilities they have hastened to remedy the situation and are happy that it is now possible to broaden the contracts to afford full coverage to those members of credit unions in military service."

### 8% Dividend

The Board of Directors of the Society also voted at its last meeting to pay eight per cent dividend on operations for the past year on AA Loan Protection and Life Savings Insurance, and the usual normal dividend, in accordance with the Society's scale, for ordinary life and term insurance.

# Bridge

Volume 10 FEBRUARY Number 2

Official Publication

Credit Union National Association  
Madison 1, Wisconsin

HOWARD C. CUSTER, Editor  
RICHARD GILES, Assoc. Ed. On Military Leave  
CHAS. G. HYLAND, Business Manager

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BRIDGE

# Nine States Exceed Quotas

In Third International Credit Union Membership Drive

ILLINOIS was way out in front at the close of the Third Annual International Credit Union Membership Drive, with 12,282 new members reported.

Other leaders were Pennsylvania (3,640), Ohio (3,208), Kentucky (2,996), Missouri (2,773), Texas (2,588) and Tennessee (2,000).

On the basis of quotas set up at the first of the Drive, Tennessee came out in first place, with 306 per cent of its quota. (Quotas were determined by dividing, roughly, the Drive goal of 100,000 among provinces and states in accordance with relative membership totals at the beginning of 1945 as shown by official reports.)

Other areas which obtained more than 100 per cent of their quotas (with percentages shown in parentheses) were: Idaho (210), Arizona (165), West Virginia (161), South Carolina (155), Texas (155), Indiana (143), Illinois (112), and Kentucky (102).

Here (see col. 3) are all the reports received, ranked in order of percentage of quota. We do not mean to stress the rankings, however. Many individual factors make it possible to determine relative success of the various drives only very roughly, if at all.

## 33 Leagues Participated

Thirty-three leagues participated in the drive this year, as compared with 29 in 1944, and 25 in 1943.

On the other hand this year's total number of new members reported compares unfavorably with the 64,072 of 1944 and the 53,210 of 1943. But final reports on previous Drives were not published until the May issue of *BRIDGE*, and although we have made special efforts to get the reports in promptly (as we go to press it has been only six weeks since the end of the drive) it is likely that additional reports will come in. We shall report them briefly.

Credit union leaders are frankly disappointed at this year's showing, since it seemed that interest in the drive was great throughout the movement. They are confident that one reason for the relative weak showing is the common reluctance to send in reports.

For instance, in a letter published elsewhere in this issue of *BRIDGE*, E. T. McCaffrey, of the Assiniboine Credit Union in Fort Garry, Manitoba does report. And he follows his gratifying statistical report with this comment:



"This does not present the entire picture of the great success of our campaign as the interest of the members has been aroused and we will benefit by it for many months to come."

Albert Marble, managing director of the Michigan Credit Union League, states, "We do know, however, that the Drive did result in a great many more new members throughout Michigan. The difficulty in getting this data reported to the League has been due to the annual meetings, closing of books, dividend computations and the pressure of 'other work'."

And Lee O'Brien, managing director of the Missouri Mutual Credit League, adds: "It is too bad that I could not get them all in as I feel that this year's campaign has been the most successful to date."

## Comment on Overall Results

Commenting on the overall results Dora Maxwell, director of Cuna Organization and Education Department, says:

"Naturally we are disappointed that we did not reach our goal of 100,000 new members. Certainly we should add that many new members to credit unions of Canada and the United States each year for several years to come.

"However in all fairness we must realize that the Drive started off just as we were faced with reconversion problems of many kinds and the enthusiasm of those who were able to participate fully in the Drive this year makes me very confident of the success of future drives.

"We realize, too, the difficulty of getting in reports and hope that we can develop some method to overcome to some extent at least that problem. I am confident that we here in Cuna can render greater assistance in all phases of future drives, and we shall of course do all we can. The introduction of credit unions to more and

more people is a major part of our program.

"One final word about the 1945 drive. We should not say it has failed. The quotas we set were admittedly arbitrary—something to shoot at. But we may be thankful for the 48,000 new members we obtained—and we are grateful to the individuals responsible for obtaining them. Certainly the credit union movement is stronger than it would have been without the drive, and many persons are better off.

"But, let's start planning now for our 1946 drives."

## 1945 Membership Drive Reports through January 17, 1946

	Quota	New Mem- bers	% of Quota
Tennessee .....	661	2,000	306
Idaho .....	88	187	212
Arizona .....	100	165	165
West Virginia....	280	450	161
South Carolina...	333	515	155
Texas .....	1,688	2,588	155
Indiana .....	944	1,350	143
Illinois .....	10,962	12,282	112
Kentucky .....	2,947	2,996	102
Ontario .....	1,411	1,250	91
Missouri .....	3,115	2,773	89
Kansas .....	649	573	86
Oregon .....	422	350	83
North Carolina...	2,069	1,677	81
Oklahoma .....	395	286	72
Florida .....	2,537	1,635	64
Ohio .....	5,723	3,208	56
South Dakota....	259	127	49
Georgia .....	2,135	979	46
Pennsylvania ...	8,573	3,640	42
Minnesota .....	2,435	1,001	41
North Dakota....	1,757	692	39
Wisconsin .....	4,269	1,658	39
Saskatchewan ...	2,275	850	37
Iowa .....	2,567	701	27
California .....	5,920	1,469	25
Connecticut .....	3,170	694	22
Dist. of Columbia	1,902	369	19
Michigan .....	3,174	381	12
New Jersey.....	2,358	247	10
Nova Scotia .....	3,856	301	8
Massachusetts ...	1,529	96	6
New York .....	7,844	500	6
Canada and United States ..	100,000	47,990	48



# Are you practicing



# what you preach?

by Buford B. Lankford

**T**HIS is a personal story—about you and me—and it may come very close to home. So that we may become just a little better acquainted, please let me tell you briefly of an experience that has had a lot of meaning for me. Then we'll talk about you and your credit union; and as a result, I believe you will find in your possession a simple but completely effective cure for most common credit union ailments.

For several years I roamed this country, first representing the Farm Credit Administration and then the Federal Deposit Insurance Corporation, always attempting to sell each group of credit union officials on the theory that a truly sound credit union can be built only through successful promotion of the habit of systematic saving. Many were the arguments advanced against placing emphasis on this phase of credit union philosophy. Some said, "Why ask our members to increase their share accounts, when we have more money now than we need to meet our loan demands?" Others hesitated because, "We can canvass our members and in an hour, obtain enough deposits to meet almost any loan need." Other objections ranged from the statement that it just can't be done, to the more potent argument that the members are already saving all they can in war bonds and other thrift plans. I tried to meet all of these, with possibly not too much success.

### **In a Very Peculiar Position**

Then one day the thought came to me that I was in a very peculiar position. I was trying to sell an idea, the merits of which I knew only by hearsay, for the balance of my own share account had for longer than I care to admit, ranged from \$5.00 to \$5.85. It's not difficult to imagine how ineffective an automobile salesman would be, who rode a bicycle out to convince you of the merits of his car; yet I was in that identical position.

In looking back now, I am con-

fident that those credit union people in Texas, Oklahoma, Missouri, Arkansas, Tennessee, and other states where I worked sensed somehow that when I urged them to influence their members to add something to their share accounts each pay day, my discussions lacked the degree of sincerity and conviction that can come from personal experience alone.

Correction of this absurd condition required some determination and quite a lot of close figuring, but I'm happy to say that now the first check I write on each pay day is to my credit union. And that check is in the mail and on its way before I even begin to figure how to balance the rest of my budget. The way I look at it is this—I owe myself and my family a debt, just as I may owe the grocer, the doctor, the druggist, and others. And this credit union check, however small it may be, represents payment. If I should fail to write that check, then I'd be ignoring a just and true obligation, the obligation to put aside something out of every pay check for whatever eventuality the years ahead may bring.

### **How This May Apply To You**

And now perhaps you're wondering how this applies to you; and possibly it does not apply directly to you. But I'm betting that if you will search your own habits as well as those of your fellow credit union officials, you will find several among you who are in positions comparable to mine—that of attempting to encourage regular credit union saving while not practicing it themselves. There's quite a weakness in that, for your actions are saying to your members, "Saving regularly in the credit union would be a good habit for you, but I don't think enough of the idea to try it myself!"

There are more credit unions throughout the country than you might think, that have almost completely neglected the promotion of thrift. And they're not all small—some have, through large deposits on the part of a few of their members, massed quite an impressive share balance. But quite often you'll find through a close analysis, that any-

where from 40 per cent to 90 per cent of the members have only one share plus accumulated dividends. And almost invariably, in those credit unions, it's a fact that the officials themselves are not as a rule using their share accounts for the deposit of regular savings. Is it any wonder that these credit unions are failing in the primary purpose for which they were established, when the officials themselves—the chosen leaders of the group—are neglecting to set an example for the membership?

As just one example among many, let me tell you of a credit union that I contacted only a few weeks ago. The combined share accounts of the entire board of directors amounted to only \$60.89, and only one of the five had made an addition to his account since 1943. Further, the accounts of four of the six credit and supervisory committee members brought the total credit union savings of the nine officials to only \$84.79, or about \$9.00 each! The other two committee members had respectable accounts, but neither had been accumulated through systematic saving. Is it surprising that this credit union is definitely not suffering from growing pains?

### **II**

One of the officials, when told of this condition, touched a point very important to you and to me as individuals. He said, "Why, I've been a member of this credit union almost since it was organized in 1939; and if I had saved just \$1 each week, I would now have an account of more than \$300, not considering dividends."

This official might also have added a point very vital to the success of his or any other credit union. He could have stated that this valuable habit would have given him, in addition to a nice share account, the firsthand knowledge which is completely essential to a successful credit union official. He would have been able to present to his fellow members in a convincing manner, the full meaning of the credit union plan. And his statements would have rung true, for back of them would have been a sincere belief in the purposes for which the credit union stands. His actions

Buford B. Lankford is principle credit union examiner in the Eleventh District, Federal Deposit Insurance Corporation (Dallas, Texas).



and his words would have said to any member, "I know that the habit of saving systematically in this credit union will be valuable to you, for I have tried it!"

### Just Suppose

And now to get to the point of my whole discussion. Let's just suppose, in the example I have just given you or in your own credit union, whichever you choose, each official has developed the simple habit of adding just \$1 to his share account each week. Can't you picture the enthusiasm that a body of officers such as this would have in the operation of a credit union? Don't you agree that an officer who had learned about the credit union in this manner would be more than ready to perform any special task given him for the benefit of the credit union?

Isn't it logical to assume that a habit such as this, developed among the leaders of any group, would spread almost automatically far out into the membership? And finally, don't you feel that the addition of \$1 a week to his savings account is little enough to ask or expect of any official serving your credit union?

Let me present to you this challenge: If each director and committee member of your credit union will enter into a solemn gentlemen's agreement to add at least \$1 a week to his share account, and to continue this practice as long as he remains an official of the credit union; and if as a group your officials will be responsible for seeing that each individual carries out that pledge, I'll wager that one year from the date you begin this practice, you'll enthusiastically agree that it is the simplest and one of the most effective educational devices you have ever attempted.

### The Important Points

It doesn't make a lot of difference how large your credit union is, or how large the individual accounts of some of your officials may be. The important points are (1) that each director and committee member has a direct contact with the business end of his credit union at least once each week, (2) that he learn by actual experience just how easily and how rapidly his savings account will increase, and (3) above all, that he practice what he should be preaching to the members. It is a natural expectation that as each official begins to see how steadily his account is progressing, he will as he is able, voluntarily increase the amount of his weekly saving. If your credit union has the benefit of payroll deduction facilities, then carrying out this plan will require only

that each director and committee member immediately sign a deduction authorization for the amount he wishes to save. One caution—no official should be permitted to meet the spirit of his pledge by depositing in advance a sum expected to cover several weekly installments.

### May I Suggest

May I suggest that you think this plan through carefully, then present it for serious consideration at the next meeting of your board of directors? The least that can possibly come from its adoption will be the addition during the next twelve months of at least \$52 to the account of every director and committee member.

And the most that may be expected? Well, who knows but what this will prove to be just the tonic for which your credit union has been searching? Are you willing to give it a sincere try?



## A "Must" for Peace

"WITH MALICE TOWARD NONE, with charity for all, with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds, to care for him who shall have borne the battle, and for his widow and his orphans, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."—Abraham Lincoln.

## Round About

### The Credit Union Movement

¶ The Central Illinois Ralph G. Long Chapter of Credit Unions celebrated the Christmas season with a roast turkey dinner party.

¶ The Moncton Shops Credit Union, in Nova Scotia, shot the works at its annual meeting—dinner, sing-song, dancing, monologues, solos. It has a membership of 885. In the year following October 1, 1944, it lent \$51,527; took in in share deposits \$30,887.

¶ The credit unions of Antigonish, Nova Scotia, are organizing a chapter.

¶ The John Sexton Company Employees Federal Credit Union, Brooklyn, New York, announced its first annual meeting with a six-page mimeographed pamphlet which told about the credit union, the reasons for the meeting, and the benefits of participation in the meeting and the credit

union's program. It is an attractive and readable piece of work.

¶ In December credit unions were organized by 9 community, 6 cooperative and 5 industrial groups.

¶ The General Ice Cream Corporation has canvassed its plants throughout the United States and finds that practically every plant is interested in a credit union.

## Coming Events

February 8-9-10—Credit Union National Association, Executive Committee meeting and Cuna Mutual Insurance Society Board of Directors meeting, The Roosevelt Hotel, New Orleans, Louisiana.

February 16—Maryland Credit Union League, Hotel Belvedere, Baltimore.

February 22-23-24—Ohio Credit Union League, Deshler-Wallick Hotel, Columbus.

March 23—Connecticut Credit Union League meeting, Hotel Taft, New Haven.

March 23-24—California Credit Union League meeting, California Hotel, Fresno.

March 29-30—Oregon Mutual Credit League, Portland.

April 6—Illinois League meeting, Sherman Hotel, Chicago, Illinois.

April 6—Texas Credit Union League meeting, Gunter Hotel, San Antonio.

April 14—North Carolina Credit Union League, Hotel Charlotte, Charlotte.

April 26-27—Alberta Credit Union League meeting, MacDonald Hotel, Edmonton.

April 26-27—Ontario Credit Union League, General Brock Hotel, Niagara Falls, Ontario.

April 27—Pennsylvania Credit Union League meeting, Hotel Sterling, Wilkes-Barre.

April 27—Tennessee Credit Union League meeting, John Sevier Hotel, Johnson City.

April 27—Indiana Credit Union League meeting, Lincoln Hotel, Indianapolis.

May 4—Iowa League meeting, Hotel Savery, Des Moines.

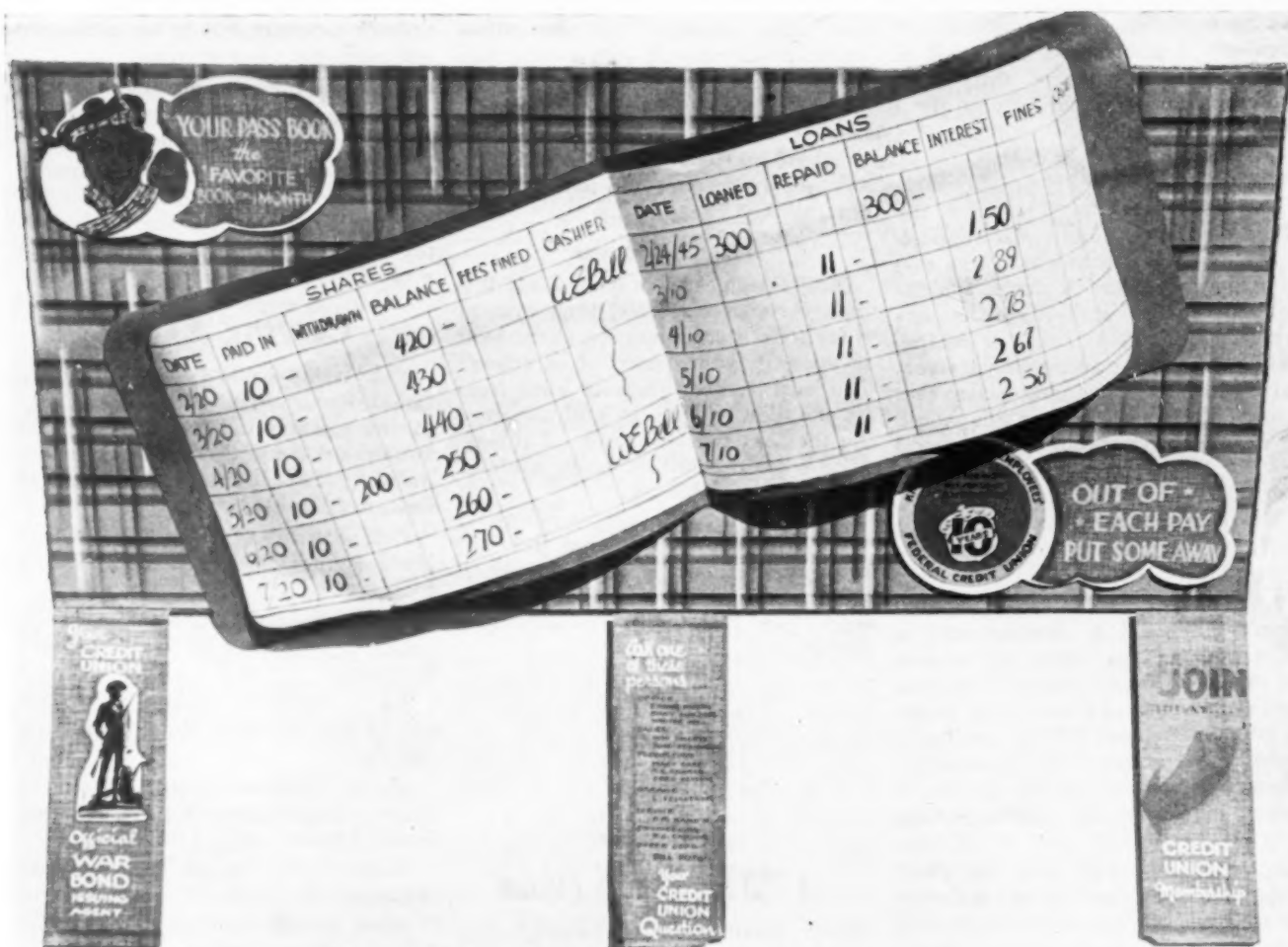
June 15-16 (tentative)—Florida League meeting, Miami.

### January Meetings

We're sorry we did not get these meetings in our January issue:

January 26-27—New Jersey Credit Union League meeting, Claridge Hotel, Atlantic City.

January 27—Utah Credit Union League, Salt Lake City.



## Note

How one credit union celebrated

### Tenth Anniversary

ON THE OCCASION of its tenth anniversary last summer the Knudsen Creamery Employees' Credit Union, Los Angeles, California, with the generous cooperation of company management, just about took over the company house organ and the company picnic, not to mention the company itself.



Let Treasurer Walter E. Bell tell about it:

"On the first day of August, our anniversary month, all the publicity went up in place. Every department of the company had smaller signs hung in conspicuous spots. Our lobby display was also very effective (see cut above).

"On the fourth of the month the company held its annual picnic. As every single person who attended entered the park he was presented with a penny post card which was devised for the occasion (see cut). As the picnickers sat down to the tables they were confronted by place cards in the

## Knudsen Creamery Employees' Federal Credit Union

"Mighty Oaks  
from little acorns grow"

USE THIS "ACORN" TO START YOUR SAVINGS ACCOUNT

shape of a penny approximately 10 inches in diameter with the legend "Tenth Anniversary" appearing around the edge. Some rather facetious remarks were heard regarding the "Credit Union Picnic." Undoubtedly there could have been no one who came to this affair that went home unaware that the Knudsen Creamery Company had a credit union.

"Our house publication at the end of the month climaxed this celebration

which we, in all modesty and humility, feel was definitely successful in all respects. Approximately 45 new members joined within the next 60 days, which is far in excess of 10 per cent of our membership."

The house publication mentioned was largely devoted to the credit union, including articles about the history and purpose of the credit union and showing pictures of the directors and committee members, and a fine statement from management.

# Tips for Treasurers

Here are helpful and encouraging words written primarily for new credit union treasurers, but hardly less so for old treasurers—and directors.

**Y**OU have been chosen treasurer of the credit union because of your interest, ability and leadership qualities, and the confidence of your fellow directors. Working with them you are to be the general manager of the credit union.

You will handle and account for the money put into the credit union.

You are charged under the law and by-laws with certain responsibilities and duties.

No doubt you desire to serve in your position to the best of your ability and to help build the credit union for the best service to its members. Your first thought will be as to how you can do just that. A few suggestions might be made as follows:

## Study Printed Guides

1. Familiarize yourself with the credit union law and by-laws under which your organization operates, or is to operate. Study the accounting manual for the mechanics of operation. As you do so, observe the use of all items of the accounting forms which have been worked out in a uniform system and which have been furnished the credit union. It would be very interesting and helpful to take time to read the credit union book, *Credit Union North America*, which you should have, and any other pertinent material with which your credit union may be equipped.

## Ask for Assistance

2. Get acquainted with other credit union treasurers in your vicinity. Perhaps you are the new treasurer of a credit union which has operated for some time. If so it is likely that you will have the advantage of the experience of your predecessor in getting accustomed to the routine of keeping the records, etc. If not, some other treasurer within reach would be glad to show you "the ropes," to help you balance the first month's business and prepare your first reports. And don't forget your credit union league and Cuna are always on hand and anxious to answer any questions and to help you.

## Enlist Teamwork

3. Enlist the aid of other officials in your credit union. Each has a part to perform, and team work will be helpful to the credit union and encouraging to the treasurer.



## by Hubert M. Rhodes

Hubert M. Rhodes is a field secretary of the Credit Union National Association, serving in southern states and District of Columbia.

## Keep Work Current

4. Keep work current. Don't let it push you, but try to do things at the time they should have attention. Make it a rule to balance your accounts, prepare reports for the use of the credit union and submit them to supervisory authorities at the proper times. Comply with requests for information from the supervisory department, or from other credit unions, the state league or Cuna.

## Maintain Sympathetic Attitude

5. Maintain a sympathetic attitude toward members' problems. If they see and feel that you genuinely want the credit union to help with those problems you will invite more use of the credit union in solving them.

## Be Tactful

6. Be tactful; encourage others to join and use the credit union. With other directors you should set the example by saving systematically in your credit union.

## Keep Confidences

7. Keep the business of members with the credit union confidential. That is a fundamental principle of credit union operation and must be respected if the organization is to be successful.

## Take Pride in Work

8. Take pride in your work. There

will be detail to it, but it need not be burdensome. But everything should be done in order and, to repeat, at the time for it. Be thorough. "Trifles make perfection, but perfection is no trifle."

## Use Others' Ideas, Too

9. Make use of *BRIDGE*, the credit union publication for guidance in credit union operation; keep abreast of credit union developments; use ideas that have proved successful and workable in similar credit unions. Through use of publicity and educational work strive to have an informed membership.

## Attend Chapter Meetings

10. Attend credit union chapter meetings. Draw upon the experience of others, and help others by sharing your experience.

## Emphasize Service

11. Emphasize service. That begins when members join and begin saving money in the credit union. Then when they need loans their organization is the logical place for them to turn to. From time to time members will have an opportunity to serve in some capacity in the operation of the credit union and should be encouraged to do so. You will have an opportunity to lead in recommending the use of services such as league membership, borrowers protection insurance, and other things for the benefit of your members.

## Love Your Work

12. Finally, love your work; it will be a contribution you make toward the welfare of others. No one can estimate in dollars and cents how far-reaching that service may be. You will have compensation in the satisfaction of a job well done, and in feeling that others are happier because you did it.

## A. B. Promoted

A. B. McDONALD, formerly managing director of the Nova Scotia Credit Union League and treasurer of the Credit Union National Association, has been named general secretary of the Cooperative Union of Canada. He was formerly national organizer of the Cooperative Union.



# What About It?

by Dora Maxwell

Answers to your credit union questions  
by Cuna organization and education director

## Poor Richard Thrift Club

SOME MONTHS AGO Mr. Doig published some details with regard to *The Poor Richard Thrift Club*. There were so many letters as a result of this, another page of questions and answers seems worth while.

Most of the questions come from Federal credit unions. As the table printed previously referred only to credit unions using Life Savings Insurance, we are publishing another table to show how it would work without Life Savings.

To review, *The Poor Richard Thrift Club* is a thrift plan to establish systematic habits of savings. It combines insurance with savings. Any credit union can adopt the plan, and individual members can participate.

Each member binds himself to the following:

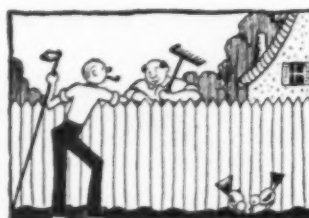
- (1) to save regularly each month
- (2) not to withdraw these savings
- (3) to carry a life insurance policy

Tables below are prepared to show what would happen if a member, 35 years old, saved \$10.60 each month in a credit union paying 3% dividend and carried a \$1,000 Ten Year Renewable Term policy in the Cuna Mutual Society at a cost of \$10.31 per annum.

## Life Savings Insurance

Question (From Nebraska):

Our Board of Directors has done considerable talking about share insurance as an incentive to more share deposits. If this coverage is not available to us as a Federal credit union, can we change our by-laws to conform to the requirements for this insurance? We would like to have it worked



You are invited to submit your questions on any credit union problems to this department. You are also welcome to contribute your own ideas on the answers printed here. What's on your mind?

out to submit to our annual meeting in January.

Answer:

Federal credit unions may avail themselves of Life Savings Insurance in one of two ways:

- (1) if 75 per cent of the members desire it and pay for it themselves.
- (2) if 100 per cent of the members indicate their desire for it, in which case the credit union may pay for it out of its funds.

*The Poor Richard Thrift Club* may be used by any member of any credit union with or without Life Savings. Consult table.

Meantime, there is a bill before Congress now to permit Federal credit unions to pay for Life Savings Insurance for its members without express permission of each member which would facilitate this program.

## Renewable Term Insurance

Question (From New York):

What is a Ten Year Renewable Term Life Insurance Policy? Does it have a cash surrender value?

Answer:

Term insurance provides maximum protection during productive years at

the lowest cost. There are no cash or loan values, no extended insurance, no nothing, *only insurance protection*. A Ten Year Renewable Term Life Insurance policy carries automatically for 10 years at the original premium rate and without medical re-examination. At age 65 it terminates or may be converted to ordinary life without medical re-examination. Term insurance is cheap because it is pure insurance without added features of any kind. If the mortality is favorable a dividend is paid according to a schedule adopted by the Board of Directors. In the past it ranged from 7% to 17% of the gross premiums.

## What Does It Cost?

Question (From Pennsylvania):

Give a hypothetical case showing the costs to the member and the credit union for participation in the Poor Richard Thrift Club.

Answer:

The tables will show the cost to the member. See item, Net Loss or Gain if Terminated. If the member participates it takes about six years, in our hypothetical case, until the plan begins to show a gain. The highest net cost at any time is \$15.12. All the time there is insurance of \$1,000 on the member's life and if the credit union carries Life Savings Insurance there is additional insurance equal to his savings up to \$1,000.

## How To Qualify for Life Savings Insurance

Question (From Ohio):

Will you please send us information on Life Savings Insurance. Is it necessary that you carry Cuna Mutual Bor-

Estate resulting from share deposits of \$10.60 per month in a credit union which pays a dividend of 3% per annum providing that \$10.31 of these deposits, but no more, is used each year to pay for a \$1,000 Ten-Year Renewable Term life insurance policy.

End Year	Total Cost	Interest on Shares	Value if Terminated	Net Loss or Gain if Terminated	Estate Value Without Life Savings	Estate Value With Life Savings
1	\$ 127.20	\$ 1.72	\$ 118.61	-\$ 8.59	\$1,118.61	\$1,237.22
2	254.40	5.17	240.67	- 13.73	1,240.67	1,481.34
3	381.60	8.92	366.48	- 15.12	1,366.48	1,732.96
4	508.80	12.67	496.04	- 12.76	1,496.04	1,992.08
5	636.00	16.57	629.20	- 6.80	1,629.20	2,258.40
6	763.20	20.47	766.56	+ 3.36	1,766.56	2,533.12
7	890.40	24.67	908.12	+ 17.72	1,908.12	2,816.24
8	1,017.60	28.87	1,053.88	+ 36.28	2,053.88	3,053.88
9	1,144.80	33.22	1,203.99	+ 59.19	2,203.99	3,203.99
10	1,272.00	37.72	1,358.60	+ 86.60	2,358.60	3,358.60

rowers Protection in order to carry Life Savings Insurance?

*Answer:*

A credit union must carry Borrowers Protection Insurance in order to qualify for Life Savings Insurance. Furthermore it must be a Cuna Mutual policy—either the AA plan (with disability) or the AAWD plan (without disability).

The theory behind this is that a credit union has a genuine risk in case of the death of a member who owes a balance on a loan to the credit union. It is a good business for the credit union to protect itself as well as the family or co-makers of the borrower.

There is no risk to the credit union in the case of the death of a member who is a shareholder but not a borrower. Life Savings Insurance is a device for increasing the estate of members. It's good business for the credit union but does not involve any hazards.

### **Local Participation**

*Question (From Pennsylvania):*

Why can't we organize such groups among ourselves by immediately establishing \$250, \$300, or \$1,000 share accounts by borrowing from our credit union and at the beginning of an anniversary date and each year thereafter allow the credit union to forward the premiums in bulk to the Cuna Mutual? In this way the individual would pay his own premium.

*Answer:*

This is simply a method for transferring the payment of Life Savings Insurance premiums from the credit union to the individual member. This would be entirely acceptable to the Cuna Mutual but would involve additional work for the credit union in collecting and forwarding the premiums and in other ways also.

### **Are All Members Insured?**

*Question (From Pennsylvania):*

Would the credit union have to insure its entire share capital or could the Poor Richard Thrift Club insure just the share accounts of its members?

*Answer:*

If it desired life savings insurance the credit union would insure the entire share balance eligible for coverage, but each member of the Poor Richard Thrift Club would carry in addition insurance on his own life and pay for it himself.

The credit union under the one table insures its entire share balance by Life Savings. Under the other table it does not have any Life Savings Insurance. In addition, the member of the Poor Richard Thrift Club agrees to buy and pay for personal insurance

in an amount of \$1000 Ten Year Renewable Term. In the one case, when the member dies his estate has (1) \$1000 in Ten Year Renewable Term, (2) his shares plus dividends and (3) Life Savings Insurance equal to his shares and savings up to \$1000. In the other case his estate has (1) \$1000 in Ten Year Renewable Term insurance, and (2) his shares plus dividends. In our hypothetical case the estate would be \$3,358.60 or \$2,358.60 depending on whether the credit union carried a Life Savings Policy or not.

### **May Individuals Be Insured?**

*Question (From Pennsylvania):*

Could we insure the share account of an individual member or of a group of members such as the Poor Richard Thrift Club if our board of directors refused to insure the entire share capital of the credit union?

*Answer:*

You are asking here about the Life Savings Insurance. The answer is that all the eligible accounts in a credit union must be insured. The members of the Poor Richard Thrift Club each carry their own insurance (in our example, Ten Year Renewable Term) for which they pay themselves and is separate from Life Savings Insurance.

### **Eligibility for Life Savings**

*Question (From Wisconsin):*

Are all share accounts in a credit union insured under a Life Savings contract?

*Answer:*

Yes, with the following exceptions:

- (1) That portion of any individual savings account in excess of \$1,000 maximum;
- (2) Any savings of, or held in trust for, a Club, Society, etc.;
- (3) Any savings deposited by a member after he attains age 70;
- (4) Any savings excluded by "Physical Requirements" provision.

## **Once Upon a Time**

### **20 Years Ago in Bridge**

❑ Chicago Teachers Federation appoint committee to make a study of possible value of credit unions to its 6,000 members.

❑ Detroit Teachers are completing final steps in organization of their credit union.

❑ Washington credit union bill vetoed by governor after legislature adjourns. ❑ Postal credit unions are being organized in Memphis, Tennessee; Lynchburg, Virginia; Montgomery, Alabama; Rome, Georgia, and Denver, Colorado.

❑ "Credit Unions Appeal to American Catholics" is the title of article in "Central Blatt and Social Justice," published in Kansas City.

### **10 Years Ago in Bridge**

❑ The first issue of BRIDGE since the organization of the Credit Union National Association is published. Roy F. Bergengren takes up as editor where he left off when it was published by Credit Union National Extension Bureau. It is a slick-paper, large-page, generously illustrated publication.

❑ Claude R. Orchard reports that the Federal Credit Union Section has received 943 credit union charter applications, has turned down five of them, is processing 32, and has granted 906. The Federal Act has been in effect about 20 months.

❑ Edward A. Filene says in an article ("Of the People, By the People, and For the People") that if the people really want to control their government, they must control the wealth of the country.

❑ First honors for "Spot News" goes to Joseph S. DeRamus for his outstanding work during past year as managing director of Illinois Credit Union League.

❑ James A. Dacus also gets editorial orchid for organizing 22 credit unions in December.

❑ Founders' Club now has 239 members.

❑ Pres Holmes, a member of the Cuna Auditing Committee, is installing a new accounting system for Cuna and its new project, BRIDGE.

## **What, Oh What, To Do**

### **In February**

❑ Give every member of board of directors a specific assignment. Make your board work as a team to get more done with less trouble.

❑ Appoint an educational or promotional committee of "live wires" and give them some hard cash to work with. Although materials issued need not be expensive, neither should they be "cheap." Other loan agencies have ample advertising budgets.

❑ Review past operating practices, to see if they may be improved.

❑ Review recent annual meeting to see what should be repeated and what avoided at future meetings. Now is a good time to start planning next year's meeting.

❑ Inaugurate study to see if you are getting all your members' and potential members' loan business. Consider advisability of amending loan policy.

❑ Initiate campaign to get children interested in your credit union. Now is the time to get them started into regular thrift habits, and some credit unions make loans to young people which render a real service—and have educational values, too.



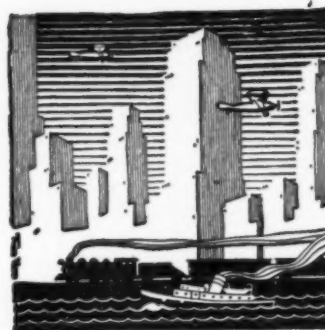
# ... now comes atomic bombing



by

Art Danforth

**Fight for better world challenges credit unions**



**J**UST a few short months ago, this terrible new phrase "Atomic Bombing" was on everyone's lips. And this short time has already served to lull most of us back into our usual inert complacency. We have the power, so runs the unspoken thought, why need we be afraid? We are "top nation" . . . let whoever questions our decisions take heed! Yet leaking through our indifference come a few additional facts about this amazing new source of energy with its tremendous potentialities for peace and prosperity . . . or utter chaos.

## **From Physical to Social Science**

We hear, for example, from Dr. Joyce C. Stearns, laboratory director in charge of the research which brought forth this most catastrophic of all weapons of offensive warfare. In a series of speeches he has given us plain warning that this force cannot be kept a secret from other nations, that this discovery at last makes the little nation the equal of the great . . . one sudden raid by a handful of bombers can lay in devastation all of our major production centers.

He warns us that other nations have far greater supplies of pure Uranium than we, that we beat Germany in our two billion dollar race *only* because her supplies were less pure than ours, not because of lack of German scientific ability. Dr. Stearns, on his reputation as a physicist, stakes his prophecy that we at best little more than ten years in which to decide whether mankind is to dwell in peace together or wipe itself off the map.

Commentators, columnists, politicians join in wordy recognition that we must "learn to live together," *all* races, *all* creeds, *all* nations . . . and learn fast or we won't live at all. Dr. Stearns and Dr. Arthur H. Compton feel the urgency so much that they are turning from physical science to devote themselves to the development of social science which they see has

lagged so far behind to date. This is the answer of two outstanding physicists to the challenge of the atomic bomb. What is our answer, as credit unionists?

## **The Credit Union Answer?**

In general, we must of course give the answer of any citizen who cares to go on living: renewed dedication to the task of building on earth a worldwide brotherhood of man, politically, economically, spiritually . . . development of world sovereignty worthy of the full allegiance of every citizen of the world. We've never even come close to anything like this before. Perhaps we won't make the grade this time, but at least we can die trying. *We can be sure we die if we don't try.*

But as credit unionists, as builders of one great foundation of a slowly emerging economic democracy, as participants in a cooperative movement which has always been worldwide in scope and peace-building in its implications . . . we have a special challenge. And with that challenge a special duty.

For unlike many, even among our own friends and neighbors, we have laid hold of a vital part of the answer to our dilemma.

*We know* that only as we and our co-workers all over the globe are willing to lay hold of the little, seemingly trivial and unromantic details of building our cooperative movement in all its important phases can we build world community, dynamic yet peaceful.

*We know* that only as we, the little people, work together for ourselves and for each other can we build into ourselves the everyday "know-how" without which no democratic society can long remain democratic.

*We know* that political action without economic cooperation is futile and rootless; we have our duties as alert citizens of a political democracy . . . we must constantly strive for more effective social controls, more adequate protection for civil liberties, greater racial equality . . . but we have also laid on ourselves the deeper duty.

War is our enemy today, for another

war means atomic bombing in a single day of major industrial areas all over the world, without a fraction of the effort that went into bombing the major part of Germany's industrial areas off the map.

Yet there is nothing more futile than the frequent assumption that you can eliminate war by opposing war. War does not spring from a vacuum . . . war is the result of economic rivalries, racial bigotry, financial manipulations, entrenched competitive greed.

How effective can anyone imagine world government will be so long as there are powerful industrial and financial cartels operating without an iota of humanitarianism or real patriotism? An effective world government we are agreed we must have, not just a military alliance of the United Nations conquerors dressed in magniloquent phrases.

## **Here Then Is Our Job**

Here then is our job: to devote this day, this week, this month . . . and every other day, week and month . . . to the building and strengthening of our worldwide cooperative movement with its beginnings in England and in Germany, with which Edward A. Filene became so impressed in the Far East that he returned to speed its development in our own country.

We can no longer afford isolationism whether between nations or between the different sections of our cooperative movement . . . petty jealousies can destroy us and with us the hope of life we bring to a world in need. Ours is the essential task of integrating all phases of our great cooperative movement into one democratically - controlled peace - building world-wide community.

The details of this enormous task we have set ourselves will vary from place to place and from year to year. We might start with consideration of these few suggestions:

1. Intensified rank and file education, accompanied by specialized training for directors, officers and staff. Few of our larger credit unions are actually controlled by the general membership although this is a basic credit

Art Danforth was formerly treasurer of Revere, Rome, Division Employees' Federal Credit Union, Rome, New York.



union principle, all leaders agree.

New techniques, new materials, new workers are needed to speed this program; guidance manuals should be in the hands of every local committee.

Besides more thorough understanding of the principles and practices of credit union operation and of the expanding services provided by state and provincial leagues and by Cuna, special emphasis should be given to awakening a widespread recognition of the worldwide nature of our movement and of the vital part it is playing all over the world in developing a people's economy.

¶ Public Affairs Committees in all credit unions, to keep members alert and informed on public issues. Credit unions, like other cooperatives, do not engage in political action . . . we have a duty, however, to see that digestible materials are made available and used. The informational articles in the *BRIDGE* are an excellent start along these lines.

¶ Abandonment of credit union isolationism . . . interchange of credit union and cooperative information and ideas at all levels; formation of local all-cooperative councils to facilitate sharing of ideas and mutual aid among the various independent branches of our interdependent movement. Other co-ops need credit union guidance in forming new credit unions among their own membership. Credit unions often can adapt cooperative materials and techniques to their own needs.

¶ Increased self-reliance and independence in day-to-day operations. As credit unions come of age, they can increasingly dispense with subsidies provided by sponsoring corporations or organizations and begin at last to stand on their own feet. Subsidy is always the deadly enemy of democratic self-reliance. Those services which are continued by the sponsor might well be put on a mutual contractual basis in return for services rendered the sponsor by the credit union.

¶ Development of national or regional credit union owned banks to absorb any surplus funds lying idle in local credit unions and make them available to other credit unions and to bona fide cooperatives generally. Thorough-going support of cooperative insurance at every level. . . Cuna Mutual of course heads the list for us and support of its program should be buttressed by use of cooperative facilities in insuring mortgaged chattels or credit union property.

¶ Modification of laws and regulations to permit investment of idle funds in credit union owned banks, and to permit entry of well-established credit unions into the financing

of housing, both individual and cooperative. We're not "John Doe's Bank" yet; we can be if we've the courage and the imagination to develop a program which fills all of John Doe's financial needs.

¶ Sponsorship of complementary cooperatives to serve non-financial needs of our members not now being met cooperatively. "Light of Tyrell" holds a glowing beacon before the credit unions of America!

There, at least, is something to think about.

Two billions were invested by our government in the development of this single destructive weapon. How many billions will we credit unionists and cooperators invest . . . in money, in time, in energy . . . to strengthen this great constructive force of which we have already chosen to be a part.

### *It Is a Credit to Him*

IT IS ESSENTIAL that credit unions, which were formed to relieve rather than to profit from a man's needs, should observe the first commandment of all loan businesses—"Don't Tell Tales!" If the news is abroad in your community that John Jones has obtained a loan from your credit union, remember this:

It is no reflection upon John Jones, it is a credit to him because he has recognized a sound and thrifty way of financing some project; but it is a definite reflection upon the credit union officers who have broken a confidence.—THE MARITIME COOPERATOR.

## *\$10 Billion*

AMERICANS added \$1,400 million to their savings in the second quarter of 1945 . . . now the total liquid savings of individuals is \$10 billion.

Bonds purchased in the 7th War Loan Drive accounted for \$5,100 million of the increase.

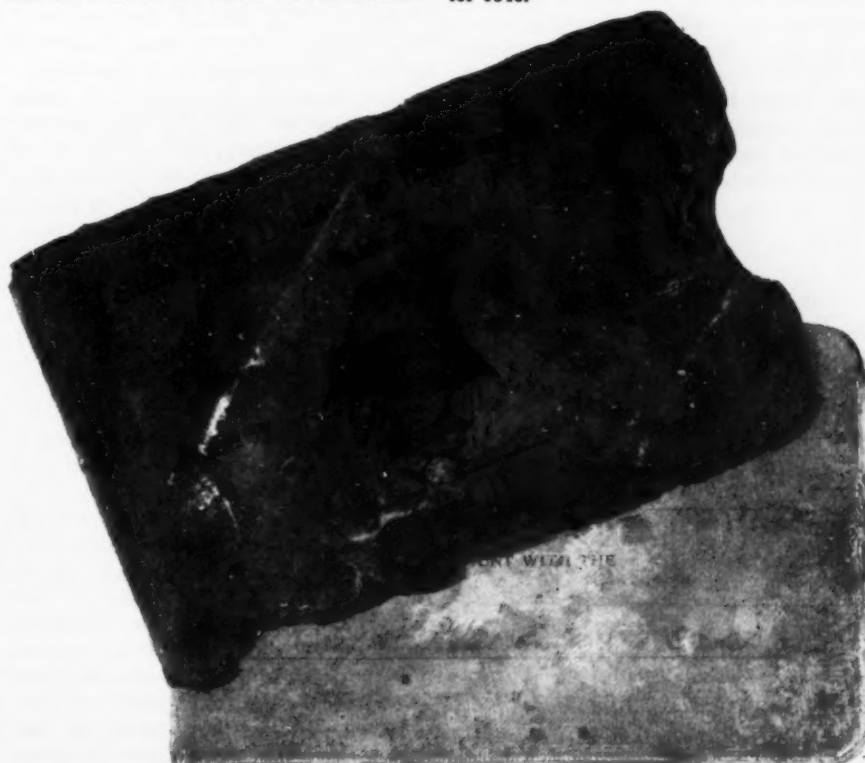
Other increases were: cash and deposits, \$2,800 million; equity in government insurance, \$1,500 million; investments in savings and loan associations, \$300 million; savings deposits, \$2,100 million; currency, \$1 million.

## *Chance*

ANGUS (TO HIS WIFE): "Maggie, here's a ticket for tonight's conjuring show, and when the conjurer comes to that part where he takes a teaspoonful of flour and one egg and makes twenty omelettes, watch verra, verra close!"

This credit union pass book spent 38 months overseas, was connected with the 1st Engineers, Special Brigade, Amphibious Outfit. It received eight Campaign Stars, and was in four major D-Day landings, as follows: (1) Africa, (2) Sicily, (3) Italy, and (4) France. It also spent time in Germany, Holland, Belgium, England, Ireland and Scotland.

Rudolph F. Goetz, treasurer of the McKeesport Postal Employees Credit Union, McKeesport, Pennsylvania, writes, "It was through all the hell and fury only a soldier knows. The owner, J. Edward Boyer, did not care to talk about details of battle, but the book was continuously with him. I issued him a new pass book January 1, 1946, to which were added two dividends (for January 1943 and January 1944), and he will soon receive one for 1945."



Here is how one Federal credit union clerk (secretary) kept track of terms of service of directors and committee members, and saved himself time and trouble.

**E**D RALSTON was appointed to fill the vacancy caused by the resignation of Director George Smith, who had served as clerk since the organization of his Federal credit union. Ed had done a good job as chairman of the educational committee and the board of directors decided he was qualified for the position of clerk even though he was a new director. He set about learning the duties of the clerk by first reading article VIII, section 7, of the by-laws and circular letter FCU 9. It was all quite clear up to that point, because George's minutes were well organized and were complete.

While reading the minutes of directors' and members' meetings, Ed discovered that there had been a number of changes on the board of directors and that certain amendments had been adopted which affected the terms of office of the committeemen. He then read section 2 of articles VII and IX and section 1 of article X of the Federal by-laws to find out what the terms of elected officials should be. Now it was not so clear; in fact, at this point he was confused. Had the replacement directors been elected for the right terms; had the new amendments been properly handled? He couldn't say for sure. In that book of well written minutes, there was a record of many actions taken besides elections, and Ed found it difficult to trace the terms of the directors, especially those he had not known. He decided he would have to make a diagram to assist him in tracing the terms of the directors and committeemen from the organization meeting to the present before he could be sure.

#### **Quickly Done**

After he decided what he needed, it took him a couple of hours to design the charts for the board of directors and the two committees and to fill in the information contained in the minutes of meetings held by the members and directors since organization (see cut.)

I met Ed for the first time a week or so ago. He showed me his charts and told me why he had taken the time to work them out. My first impression was that the charts were too com-

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Erdis W. Smith is head credit union examiner of the Twelfth (San Francisco) Federal Deposit Insurance Corporation District. This article was written for and is reprinted from the CREDIT UNION DIGEST, published by the California Credit Union League.

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# *how many for what terms?*

by Erdis W. Smith

plicated by lines, double lines, notations, dates, and the use of the word "vice." After hearing his explanation, however, I decided he had something worthwhile. I knew that many clerks of Federal credit unions would be working soon with that sometimes tricky problem of determining how many directors and committeemen are to be elected and for what terms. Ed graciously gave me permission to pass on his idea to anyone who might be interested. I made a copy of his charts and took some notes on his explanation of them. It's Ed's idea, so I believe it should be explained as he told it to me.

"Our charter provides for a board of directors of seven members, a credit committee of three members, and, of course, a supervisory committee of three. In November, 1943, our board adopted an amendment to increase the credit committee to five—but I can go into that later. By reading section 2 of articles VIII and IX and section 1 of article X of the by-laws, I learned that all officials elected at the organization meeting on March 21, 1942, were to serve until the first annual meeting in January, 1943. That meant that all terms expired at the first annual meeting. I also noted that a bare majority of the directors and credit committeemen were elected at that meeting for one-year terms and the balance for two years. I figured that the purpose of this procedure was to stagger the terms so that all would not expire at any one annual meeting. It occurred to me that this point was the key to the problem, so I worked out a chart which showed this pattern of overlapping two-year terms.

"I took a sheet of ordinary lined writing paper and ruled it into columns which were wide enough to permit me to write in the names of the officials. I designated the dividing lines between the columns as annual meeting dates, and I drew double lines to represent the expiration of the terms of office. The chart for the board of directors was drawn to pro-

vide spaces for four annual meetings before I wrote in any names.

#### **First Entries**

"In the first column I wrote the names of the directors who were elected at the organization meeting. In the second column I filled in the names of the directors elected at the first annual meeting, and was careful to distinguish those elected for the one-year terms from those elected for two years by placing their names in the proper spaces on the chart. By experimenting, I discovered that changes which occurred between annual meetings were more easily shown as footnotes under the list of directors elected at the members' meetings. To conserve space, I used the word 'vice' to represent the phrase 'elected to replace.'

"The chart indicated that there should have been three carry-over directors at the 1944 annual meeting. One of the two-year directors, however, had resigned in May, 1943, and the resulting vacancy was filled by the board of directors pending the next annual meeting. This meant that the members in the 1944 meeting had to elect a director to a one-year term, if the pattern of overlapping two-year terms were to be maintained. The minutes of the 1944 annual meeting show that one director was elected for one year, and four were elected for two years. I wrote the names of these directors in the appropriate spaces of the third column on the chart. I used arrows to designate the two carry-over directors.

"The minutes of directors' meetings held during 1944 recorded the resignation and replacement of one director who had been elected for a two-year term. I recorded this information as a footnote, and then wrote in the names of the directors elected at the 1945 annual meeting in the next column of the chart.

"There has been only one resignation on the board so far this year—that was when George Smith left our



## Board of Directors

Organization Meeting 3/1/43

	1943	1944	1945	1946	1947
John Blois	John Blois <sup>(1)</sup>	Ray Black <sup>(1)</sup>	Ray Black		
Geo. Smith	Geo. Smith		Geo. Smith <sup>(2)</sup>		
Lois Loft	Lois Loft				
Alan Field	Alan Field <sup>(3)</sup>	Hugh Long			
Harry Douglas	Harry Douglas	Harry Douglas <sup>(2)</sup>	Bob Dawson <sup>(1)</sup>		
Leon Dyke	Leon Dyke	Mary Jones			
Mary Jones <sup>(1)</sup>	Edith Betts	Edith Betts			

(1) John Kemper vice Mary Jones 9/1/43  
 (2) Dick Clewell vice John Blois 5/1/45  
 (3) Ray Black vice Dick Clewell 9/1/45  
 (1) Ray Black elected for 1 year term of 1944 annual meeting  
 (2) Bob Dawson vice Harry Douglas 4/1/44  
 (3) Hugh Long vice Alan Field 10/1/43  
 (1) Bob Dawson elected for 1 year term of 1945 annual meeting  
 (2) Ed. Ralston vice Geo. Smith 4/1/46

Organization Meeting 3/1/43

## Credit Committee

	1943	1944	1945	1946	1947
James Toy	James Toy		James Toy		
Ruth Metz	Ruth Metz	Ruth Metz			
Geo. Smith	Geo. Smith	Geo. Smith			
	Ruby Austin *	Ruby Austin	Ruby Austin		
	Bob Johnson *	Bob Johnson			

Amendment to increase C.C. from 3 to 5 approved by F.D.C. 11/1/43  
 (1) Bill Skott vice Geo. Smith 4/1/46

Organization Meeting 3/1/43

## Supervisory Committee

	1943	1944	1945	1946	1947
Art Blake	Art Blake	Art. Blake			
Ted Snow	Ted Snow	Ted Snow			
Rodney Carter	Rodney Carter	Rodney Carter	Rodney Carter		

Amendment to increase terms of office to 2 years approved by F.D.C. 7/2/43

company and I was elected to serve until the next annual meeting. If there are no further resignations, the members will elect three directors for two years and one for one year when they meet in January, 1946. Now that this chart is up-to-date, I can keep it that way by adding footnotes following the board meetings at which replacements are made.

### Credit Committee

"I found it much easier to prepare the chart for the credit committee. The same principle of staggered two-year terms was established at the first annual meeting by the election of one member for two years and two for one year. One complication was caused by the amendment to article IX, section 1, of our by-laws to increase the number on the committee from three to five. The amendment was effective

November 1, 1943, and the two new committeemen were appointed by the board of directors to serve until the 1944 annual meeting. At that meeting there was one carry-over member, three were elected for two years, and one was elected for one year in order to carry out the provisions of article IX, section 2, of the by-laws.

### Supervisory Committee

"In making the chart for the supervisory committee, I discovered that the staggered two-year terms are established by electing two members for two years and one for one year at the first annual meeting. Someone told me at a chapter meeting recently that all Federal charters issued now provide for two-year terms for supervisory committee members. When our charter was issued, the terms for the supervisory committeemen were one

year. Our board adopted the amendment providing for the two-year terms in July, 1943. In accordance with its provisions, two members of the committee were elected for two years, and one was elected for one year at the 1944 annual meeting. At the 1946 meeting, there will be one carry-over and two regular terms to be filled.

"When the three charts were completed, I showed them to the officials at a joint meeting which had been called by the president to hear the supervisory committee report of the quarterly audit. They were all interested. Although our credit union is only about three and a half years old, a few of our original directors have left the company and have moved to other localities. The names on the chart meant something to the old-timers who had worked with these former officials. Some meaningful history is already summarized on our charts, and they will become more interesting and significant with each passing year. After all, every new official doesn't have the time nor the inclination to read our big book of minutes even if he is interested in learning who has served on the board and committees.

### Helps Examiner, Too

"When the examiner met with the officials of our credit union last month to discuss the results of his examination and to make some suggestions as to how we could improve our service, he told us the charts helped him in his analysis of the minutes. He said they were time-savers. I hadn't thought of that before, but I certainly appreciated his telling the board that he liked our charts.

"As you see, I keep these charts in the front of the minute book where they are available for reference and where I can keep them up-to-date. When the president appoints the nominating committee for the annual meeting, I'll be ready; in no time at all I can supply the information as to how many directors and committeemen are to be elected and for what terms. By pasting additional columns on the charts as they are needed, the charts can be continued indefinitely. Now that the ground work has been done, future clerks in our credit union will have an easier time learning their job than I did."

The Federal credit union clerk who studies these charts, after referring to the pertinent provisions of the by-laws of his credit union, will no doubt be able to improve upon the idea and adapt it for his own use. There are a number of satisfactory variations in the form and lay-out of a schedule which will clearly show the terms of directors and committeemen.



**D**URING the period from 1921 to 1933 there were more than 14,000 bank failures in the United States with losses to the depositors of nearly two billion dollars. The heartaches and sacrifices that accompanied the closing of these banks cannot be described in a short article. The Federal Deposit Insurance Corporation was organized in 1933 to protect the public against a recurrence of such a disaster. Perhaps it is well to emphasize at this point that the contract for insurance protects bank depositors who now number approximately 75,000,000.

Deposit insurance may be said to be extended to the depositors rather than to the banks. When an insured bank closes, the depositors are paid to the extent provided by law (see "1" below) by the Federal Deposit Insurance Corporation which then takes over the depositors' claims against the bank. Upon liquidation of the bank's assets, the Corporation and uninsured creditors share ratably in the proceeds of liquidation. Not until the claims of all creditors, including the Corporation, are paid in full do the shareholders as such realize anything from their stock investment.

#### **Principal Functions**

The Corporation's principal functions specified in the law are:

1. To protect, up to \$5,000, the deposits of each depositor in insured banks;
2. To act as receiver for all closed national banks, and for all closed insured state banks where the Corporation is appointed receiver; and
3. To liquidate the assets of all such closed institutions.

While the Corporation's financial responsibility is limited to \$5,000 for each depositor, its responsibility to the public cannot be measured solely in dollars. The Corporation is charged, also, with the responsibility to further the general interest of the public by maintaining and promoting a sound banking system.

In addition to these three specific functions, the Corporation has the responsibility for exercising a general supervision over the entire banking system with a view to strengthening the system by raising the standards of bank operations, by eliminating unsound banks, and by requiring banks applying for insurance to meet certain minimum standards based on factors enumerated in the law.

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Robert N. McLeod has been with the Federal Deposit Insurance Corporation since its inception in 1933. He is chief review examiner.

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# *F. D. I. C.*

## **Organization and functions of Federal Deposit Insurance Corporation**

*by* Robert N. McLeod

So it will be seen that the best way to fulfill this responsibility—to provide this greater measure of protection—is to apply preventive action through timely supervisory measures and, if necessary, to give financial assistance rather than to merely stand by, with cash in hand, to pay the depositors after banks close.

This aspect of the Corporation's activities is less understood by the average depositor because it is done in a quiet way, without publicity. During the twelve years of its existence the Corporation has kept a watchful eye on weak and unsound banks with a view to a correction of these unsatisfactory conditions. If these unsound banks could not be strengthened and placed on their feet, the Corporation has made arrangements to have the deposit liabilities assumed by a strong, healthy bank.

In other words, it has put the fires out one at a time, thereby preventing an accumulation of weak institutions that might result in a general conflagration and endanger the whole system.

#### **Reverses Unwise Trends**

Furthermore, the Corporation has brought its influence and experience to bear toward reversing unwise trends and toward assuring safe policies and successful operations in banks. Occasionally it has been compelled to say to some banker who was engaging in unsafe and unsound practices and who seemed to have lost his sense of responsibility to his community and to the Banking System that if he did not change his policies the Corporation would have to withdraw insurance and notify his depositors. Depositors are protected for two years after such notice is given.

In carrying out its functions the Corporation has sought to encourage rather than discourage the assumption of responsibility by bank officers and directors over their own institutions. No matter how wisely administered, supervision cannot be a substitute for strong and effective management. The aim of supervision must be to see that banks are soundly operated, and the public interest protected, to the end that these institutions may be equipped and willing to bear the risks

inherent in the extension of credit. Furthermore, it is important that they are managed by responsible persons whose judgment of credit risks is based upon adequate information and exercised under a definite policy for the maintaining of solvency of the banks under adverse as well as favorable conditions.

Not the least of its efforts has been devoted to encouraging favorable conditions under which private enterprise banking may live and prosper. While the Corporation has insisted on sound banking, it has been careful not to allow its supervisory practices to restrict banks in the free exercise of their proper banking functions. The Corporation believes that banks should not only be safe repositories for depositors' funds, but should also do their full share in providing for the credit needs of the community.

#### **Most Important Activity**

The Corporation's most important activity in the maintenance of sound banking centers around the examination of banks, and the study and review of the facts disclosed. It conducts examinations of insured state banks which are not members of the Federal Reserve System, has access to reports of examination made by the Comptroller of the Currency of national banks, and those made by the Federal Reserve Banks or State banks which are members of the Federal Reserve System. It is through the proper use of the facts which are revealed by all these examinations that unsound practices, violations of law and regulations, as well as unfavorable and dangerous trends, are brought to the attention of the officers and directors of banks. All these duties are assigned to the Division of Examination.

When an insured bank suspends operations, payments to depositors up to the maximum of \$5,000 are started as soon as possible, usually within ten days, and are made as rapidly as depositors present and prove their claims. Proving these claims is almost as simple as that ordinarily involved in the closing of an account in an operating bank. These duties, together with the liquidation of closed banks, are handled by the Division of Liquidation.



Maple T. Harl, new chairman of the Federal Deposit Insurance Corporation Board of Directors, being congratulated by his fellow board members. He is in center. Senator Phillips Lee Goldsborough is shaking his hand, while Preston Delano, comptroller of the currency, stands by.—Photo by Harris & Ewing, Washington, D. C.

### Paralyzing Effects Eliminated

The paralyzing effects on local credit which formerly resulted from bank failures is now avoided by the payment of insured deposits immediately. This arrangement eliminates the necessity for forced liquidation of assets and permits the orderly liquidation of such assets, which is not only helpful to the borrowers, but usually brings in more money with which to repay the Federal Deposit Insurance Corporation and any other creditors of the bank.

During the past twelve years the Corporation has made disbursements of over 298 million dollars to protect 1,300,000 depositors in 398 insured banks placed in receivership or merged, with financial aid from the Corporation, with some other insured bank. Of the nearly \$300 million which has been disbursed to the depositors of closed banks, orderly liquidation has assured the recovery of slightly more than \$263 million. The losses to the Corporation represented by the difference between these two sums is in sharp contrast to the losses suffered by depositors in the twelve years immediately preceding the establishment of the insurance of bank deposits.

The corporation maintains a Division of Research and Statistics, with a trained staff of analysts and economists, who study and analyze banking and economic trends. They are constantly assembling statistical facts and interpreting their significance. It has also a Legal Division, a Fiscal and Accounting Division, and an Administrative Division. All these functions of the Corporation and all the activities of the various divisions are under the supervision of the Board of Directors.

Since 1942 one of the functions of the Federal Deposit Insurance Cor-

poration has been to supervise Federal credit unions. This responsibility came with little warning, and a depleted staff and war-time conditions and restrictions offered some very real problems.

### Credit Unions Different

It was recognized from the first that there are a number of ways in which credit unions differ from commercial banks. These banks are owned by stockholders, while the bulk of the funds at their disposal is the property of depositors. Credit unions, on the other hand, are not as a rule working with other people's money. Members own the credit unions and they furnish, through their savings, almost all of the funds which are available for lending and investment. There is no public interest comparable to that presented by bank depositors.

It might be well to point out here that the holdings of members in Federal credit unions are not insured by the Corporation. However, in the last analysis the fate of both types of institutions is dependent upon alert, faithful management. The same elements of sound judgment and wise administration apply alike to banks and credit unions.

For this reason, Federal credit union examiners have been instructed to discuss management policies with credit union officials as a part of the examination itself. In this way, conditions subject to adjustment can be corrected at the time of examination and ideas for the betterment of the credit union brought up and fully discussed. As with banks, we in the Corporation have consistently sought to instill a sense of responsibility on the part of officers and directors of credit unions in the belief that this is

the only sure road to the safeguarding of the interests of members and to the fullest development of the type of services which the credit union is designed to furnish.

### Purpose of Corporation

It was early realized that the only effective way in which the agents of the Corporation could influence successful operation under the law and bylaws was through an appreciation on the part of credit union officials that our sole interest is to assure the very results which the framers of the Federal Credit Union Act intended.

In a sincere effort to bring about this appreciation, sound policies and modern methods have been encouraged, and unnecessary restrictions which might impede the progress or limit the usefulness of the credit union to its members have been studied with a view to their modification or elimination. As with banks, weak units have been given special attention and much effort has been expended in attempts to avoid suspensions and liquidations. Officers of chapters, leagues and the National Association have cooperated splendidly in many of these cases.

It is the purpose of the Corporation to continue to serve the public interests by seeking and developing effective measures that will strengthen both banks and credit unions.

### "Bankway Plan"

A NEW CREDIT PLAN for installment buyers that will end the responsibility of store operators for their customers' credit standing has been started by the Buffalo Industrial Bank, Buffalo, N.Y.

Under the "bankway plan" an individual establishes his credit at the bank, which decides the amount of installment buying he can do. He receives a credit card, renewable yearly, and a directory of participating dealers. When the customer wishes to make a purchase, he presents his card to the dealer, who calls the bank for verification—and does not have to require the usual confidential credit information.

The customer then signs an installment contract with the dealer . . . the bank buys this contract and collects the installments, plus interest at bank-financing rates.



**D** ID YOU SAY "Troubles"??? Ever hear about the husband who was taking his wife and little son on a vacation trip by train? His wife got off at a station to buy postcards—she missed getting back on the train. The little son threw the envelope containing the railroad tickets out of the window—the conductor was collecting the fares and the next seat to stop at was that of the husband.

We all have troubles—small, large, real and imaginary, but that's a part of everyone's life.

In a little community the natives constantly complained about their troubles—each one's troubles were the worst of all—so they set aside one day on which everyone would put their troubles in a sack, carry the sack to the square in the center of the community—come back after an hour and pick up any sack—then go home and unpack the troubles and keep them for a week and see whether they would be more satisfied with the other fellow's troubles. After the week was over they all came back with the sack of troubles and cheerfully went home with their original sack.

#### **No Laughing Matter**

You have seen the fellow who is just down in the dumps financially—in plain English, badly bent or broke—is his mind stable? Can he figure things out? Can he dismiss his troubles by laughing them off? You or I couldn't do it—so we certainly can't expect the other fellow to do it.

Yes—he's in trouble, and financial worries are troublesome. He may be a friend of yours—he asks you for help—you lend him a few dollars. He begins to smile—part of his troubles are taken away, or at least he has been relieved of some financial worry for the time being. You will notice I said "for the time being." Isn't it a fact that if you *continue* to wipe out troubles for the time being, then there is no time when troubles can exist? The few dollars you lend to a friend relieves him of trouble for the time being and gives him an opportunity to get his mind in a stable state so that he can carry on and do those things that will enable him to give back to you the few dollars you put in his pocket when the clouds of trouble seemed the darkest.

#### **The Brush-off**

You've heard the time-worn brush-off—"don't tell me your troubles, I've

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Ed. C. Kelling is a director of Wisconsin Credit Union League and treasurer of Harnischfeger Employees Credit Union, Milwaukee.

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your



## *sack of troubles*

by Ed. C. Kelling

got troubles of my own." That's about the most cold-blooded, unsympathetic, unhumanitarian way of telling your fellow human—"don't bother me" and believe me in the short sojourn (your life and my life) that we have on this earth, a little more of taking time to bother about the other fellow would make this a better world to live in.

This entire philosophy of credit union service is built on that humanitarian theory that—we are our brothers keeper—and what a noble philosophy it is.

Your credit union is in reality a small community—whether it is operating in an industry, in a church parish, among municipal employees, or whatever the location may be—still we are a small community, existing for the purpose of giving financial help.

Your credit union members, especially those who through some unfortunate circumstances must come to you for financial assistance, are the natives who bring their sack of troubles to your credit union office. Instead of letting the sack lay without any identification, you have a receptive and understanding credit committee who helps the unfortunate one unpack his troubles, completely eliminate the small disturbances, and offer relief for the troubles of larger proportions. The credit committee members, as individuals, have troubles of their own, just as you and I who need help, but they believe in being their brothers' keeper in giving of their time and of their comforting, sympathetic advice, in finding a solution from the pressure of financial worries for him who has brought his sack of troubles to them.

#### **The Silent Invitation**

No sack of troubles should be too large or too entangled to make it unworthy of consideration. The man who brings his troubles to you, has carried the burden for some time—he begins to get weary and he brings them to you so that he can get a much

needed rest and relief, and the help you give, is refreshing to him and braces him up, to enable him to carry on as it is the aim of everyone to do.

Making your dealings as a credit union of a kind that carries with it a smile of encouragement and friendly assistance to all those who are walking through life with a heavy financial burden, and make your extended helping hand convey to your fellow human beings, the silent invitation—

LET ME HELP YOU WITH YOUR SACK  
OF TROUBLES

### *Problems*

THE FOLLOWING entertaining and thoughtful discussion is taken from the excellent pamphlet "All About Credit Unions," by E. J. Russell, director of co-operation, Co-operative Division, Department of Natural Resources, Newfoundland Government.

We are fond of riddles, puzzles and problems. We enjoy solving them and passing them on for others to rack their brains over. It is very pleasant indeed to watch our neighbor pucker his eyebrows over some puzzle that we have already solved. And when he pretends he is not interested in such childishness, we know that he is stuck but is too proud to admit it. We know also that he is waiting until he gets alone to figure it out for himself. Then, when the puzzle is mentioned to him again, he'll pretend he knew the answer all the time and that it was quite easy. We understand him when he acts this way, because we ourselves are exactly like him. It's good fun, and good exercise for our wits. It's as old as Samson and the Philistines, and people for centuries to come will enjoy it as much as we do.

#### **Some Very Old Puzzles**

Some of our puzzles are very old. Several generations of Newfoundlanders have, in their turn, passed the



sailors on the yard-arm, separated the magic keys, and tied the Tom Fool's Knot. They have received magic messages through the broomhandle, and have taken off their waistcoats without having even unbuttoned their jackets. They have divided eight gallons of wine into two equal parts, using only a five-gallon keg and a three gallon one. They have succeeded in getting the ten black men and the ten white men across the river without bloodshed, and have helped the worried farmer get his fox, his geese, and his corn safely to market.

Probably no puzzle is older or more popular than the one about the number of individuals trying to cross a river in a boat which seems much to small for their purposes. There are several variations, of which this is probably as good as any. A horse, a cow, a sheep and a goat were standing by a river looking hungrily at the green pastures on the other side. They couldn't get across. They had a boat which could carry a ton. But the horse weighed a ton, the cow weighed a ton, while the sheep and the goat weighed a half-ton each. None of them could swim. How could they all get across?

The beautiful thing about this problem was that you were supposed to solve it. It was no use trying to get out of the difficulty by suggesting that the horse should take the boat by force. True, this would have solved it as far as the horse was concerned, but it would have left the others in a lonelier and more hopeless position than ever. Nor was it any use suggesting that the other three, moved to tears and chivalry by the cow's sad face, should have given her the boat. Nor that the smaller animals should have slipped quietly away with the boat while the others were asleep. Neither rugged individualism, charity nor cunning could solve the problem. You had to get all four of them across or admit that you were "stuck."

#### How It All Ended

You will, of course, remember how it all ended. The goat and the sheep went over first, and the sheep got out. The goat came back with the boat and got out. Then the cow went over. The sheep brought the boat back and she and the goat went across for the second time. The sheep came back alone and then the horse went over. Finally the goat came back for the sheep, and soon all four animals were reunited on the further, happier and more fertile shore. The problem was solved and we congratulate them on the outcome.

They deserve it! They used many things besides a boat in crossing the river. They used brains in studying the problem and planning the whole

campaign. They used patience. Probably they made several wrong moves and had to start all over again. They used a great deal of energy. Although the horse and the cow crossed only once, the goat's feet must have been blistered from handling the paddles, and the sheep's rump sore from sitting so long upon the thwart. They used faith. The two bigger animals had to trust the others from the very beginning. They used loyalty and their loyalty was properly rewarded. Imagine the sheep's feelings near the end when she found herself alone and helpless on the wrong side of the river! The stream was wide, darkness was coming on, and the goat must be very tired. Suppose they should leave her! But no. All is well! Here comes the boat again!

#### Progress Over Rivers

All human progress consists of crossing rivers. Children unafraid of the river of self-denial that lies ahead, sacrifice much of their playtime to the building of a fairy-boat, in which they cross joyously from the drab land of illiteracy to the wonderland of books.

Youths look hopefully ahead, and see in the distance the professional or technical training they need to fit them for manhood. Between them and their goal stretches a wide river which can be crossed only by long years of thrift, study and self-sacrifice.

The man, longing for a better home, better food and clothing, better health, better social relations, and a better opportunity for his children looks wistfully into the future. At times as through a mist he catches a momentary glimpse of a cleaner, healthier and happier life. Between him and this pleasant prospect rolls a mighty river and he sees no way of crossing it. This river is forever flooded by the high tide of living costs.

It is made doubly dangerous by the frequent cascades in earning power and the engulfing whirlpools of unemployment. At times it rises to such heights that it sweeps away the pitiful little wall of savings that he has built for his protection. Never does it subside to a level where he can cross it. He looks with envy or admiration at those few of his fellows, who by strong swimming, or by taking the only available boats, have succeeded in crossing, but this only adds to his feelings of helplessness and despondency.

All mankind has from time to time

looked across the vast uncharted stream of bigoted nationalism at the Paradise which they call World Peace. All attempts to bridge this stream have been unsuccessful. All attempts to dam it have been disastrous. Men and nations have not yet learned that this river can never be crossed. It must be dried up at its source.

#### To Reach a Better Land

It is not strange that some of our greatest poems and songs have pictured mankind as standing on a river's bank, and longing to reach a better land beyond. Virgil in the sixth book of his Aeneid, paints an unforgettable picture of the countless thousands of human souls pleading for passage across the Stygian flood, while Charon, the grim ferryman goes slowly and deliberately about his unending task.

Better known and more vivid is the picture painted into the music of one of the greatest of the Negro Spirituals. You who have listened to your radio and heard this song sung by a great Negro choir will never forget the impression it creates. It is that of a mighty host of unhappy people standing in a world of misery and slavery, looking over Jordan towards the camping ground of liberty and happiness. As they sing the opening words, "Deep River," the notes are low and the voices subdued as though the singers were gazing downwards in awe into the dark waters of the stream. The notes rise, and voices, eyes, and heads are lifted as they see their home "over Jordan." There are moments in the song when they strike notes of triumph, as if in fancy they had already crossed over. Always, however, they return to the grim reality of the "deep river." Their humble plea, "Lord, I want to be there," expresses their realization of their own helplessness, and their utter dependence on Divine Aid in solving their great spiritual problem.

In solving the problems of everyday life, men are learning slowly but surely that God helps those who help themselves, that we can best help ourselves by helping one another, and that by group study, careful planning and patient work with mutual faith and loyalty, we can cross rivers that even the horse, the sheep and the goat would not have dared to attempt.

#### "Gee Whiz!"

Private: "May I have next Wednesday off?"

Sergeant: "Why?"

Private: "It's my silver wedding anniversary, my wife's in town, and we want to celebrate."

Sergeant: "Gee whiz: Are we going to have to do this every 25 years?"



# IDEA



# EXCHANGE

**Here are some ideas credit unions have already used successfully plus some BRIDGE suggestions which you may want to try out as-is or adapted to meet your particular needs.**

As a matter of fact, credit unions and chredit union organizations affiliated with Cuna may list any BRIDGE items freely for their publications and releases. All others should observe the copyright and obtain written permission from BRIDGE before reprinting material. Suitable credit should, of course, be given in the case of signed articles and illustrations. BRIDGE need not, however, be mentioned as the source of the material, although where it seems suitable to do so, this will be appreciated.

## Suggestions for Use

We hope credit union officials will find these suggestions helpful in preparing informational materials about the services their credit union offers their members. These may be used—either without change or adapted to special uses—in payroll inserts, circulars, blotters, posters, bulletins, advertisements, company house organs, or other appropriate mediums at hand.

The illustrations may be traced on mimeograph stencils, reproduced directly by a photo-offset process, or made into linecuts for the standard letterpress printing.

Each release should, of course, also contain full directions as to when and where credit union service may be obtained. The name of the credit union, its location, its business hours, and any other helpful information should be given.

## Please

BRIDGE would greatly appreciate receiving copies of any and all publications credit unions issue, so that it may know what credit union people are finding most effective, and so that it may pass on to others good new ideas developed.



## Do You Know That—

Your Credit Union pays the cost of insuring your loan so that it would be paid in full, together with the interest,



in the event of your death or permanent disability?

That we bank our money in local banks and save them the tremendous task of bookkeeping from some 282 Credit Union members.

That a loan from your fellow members can be had more cheaply and with less investigation than any other lending agency?

Contact Ed Ketchum for further details.—*Bulletin of Genpet Washington Federal Credit Union, Seattle, Wash.*

## Are You a \$5 Member?

There are a number of share accounts in Stry that reach five dollars and never grow any larger. In other words as soon as some of the people qualify as members they cease to build up their shares with Stry. Why?

If every member stopped at one share how big would Stry be now? How many members would it be able to help?

There is really no excuse for leaving an account at \$5 for years, no matter how tough the breaks are a person can put in at least 25c per pay.

Putting in five dollars and stopping is hardly playing the game. The five-dollar share entitles the member to borrow, when necessary, which many of them do, but putting in their own money to give the other fellow a break when he is up against it is another story. They just don't want to play ball.

Remember! Put money in your share account each pay day. Stry can do a lot of good with this money. Don't be a weak sister. Let's all cooperate for the benefit of all members.—*STRY, published by Street Railwaymen's Credit Union, Vancouver, British Columbia.*

## How We Grow

In our last issue, we summarized the financial statement up to the end of June. Let's see what has happened to it in the last two months.

THEN we had assets of around \$65,000.

NOW we have assets of nearly \$70,000.

THEN we had 918 members with shares of \$55,225.

NOW we have 930 members with shares of \$58,682.

THEN we had \$23,297 on loan to 313 members.

NOW we have \$26,689 on loan to 360 members.

THEN our net income was \$1,574.

NOW our net income is \$2,243.

Will we pass the total of \$75,000 by September 30, 1945?—*THE DELPHIC ORACLE, published by Delphic Credit Union, Montreal, Quebec.*

## Bewitching Days

The bewitching days of "installment purchasing" and "easy terms" will soon be confronting you as consumers. Installment payments are expensive, even though costs are often hidden. When purchasing that new automobile, radio, refrigerator, stove or washing machine be sure to find out the CASH price as well as the FINANCING COST, then compare the cost of

## Trouble Troubling You?



Hi there my friend, now what's ailing you,  
You're acting so queer and looking so blue.  
Put your head on my shoulder, and have a good cry  
And maybe your troubles will pass by and by.  
Gosh, Bill you're right, I'm down in the dumps.  
Seems that my trouble is all in a lump.  
First, it was Bobby with measles and such,  
Next, it's the cat, yep, another new clutch.  
Then it was water on the dining room walls,  
Again back to the Doctor and three midnight calls.



Then, it was Sammie, you may call him out,  
But gosh all himself, did he take a chunk.  
Now the Sammie, in top it all off,  
My cute little daughter has a bad cough.  
So there you are Bill, that's why I'm blue,  
What is the answer, what can I do?  
I've struggled along and I've fought the bill,  
Till it looks as tho' I will go over the hill.



Hold your horses now buddy, for there is a way,  
I know the answer that may save the day.  
Let the doctor, the dentist, the plumber and such,  
Let the nurses, the taxes and include the clutch,  
Then march to the Credit Union and fill out a blank  
Just the same as you would at any big bank.  
And within a day, or it may be two,  
The money you need will be waiting for you.  
Then pay up the things that make you so sad—  
And, once again you will say, "Boy am I glad."

Ritter Employees Credit Union

Full-page spread in THE RITTER FLOOD-LIGHT boosts Ritter Employees Credit Union, Rochester, New York.

an insured loan from your credit union.—*Financial Report of Northwest Engineering Credit Union, Green Bay, Wisconsin.*

### Consider the Comaker

DID YOU EVER stop to think about the comaker or endorsers on your credit union notes? Why do they endorse the note of a fellow member? . . .

They sign to be good fellows and to help the credit union comply with the law in making the loan.

Frequently, however, many of our treasurers and directors fail to protect the interests of the comaker. They do not worry when the loan becomes delinquent—if the comaker has a sizable share balance or if he is capable of paying the loan.

When the loan is covered by a comaker's share balance the credit union should do all in its power to protect this comaker's money and really tighten up on the maker when he becomes delinquent.

Give the comaker consideration and protect his interests even above those of the credit union. No individual should be unnecessarily exposed to hazards which should be borne co-operatively.

Approach the comaker for payment only after you have exhausted all legal effort to force the maker to pay and do not consider the comaker equally guilty when the maker defaults on a note.—CONNECTICUT CREDIT UNION NEWS.

### Delinquent Loans

AN ANALYSIS of the delinquent loans situation in Connecticut Credit Unions reveals that most of the credit unions in the state have done a very good job in clearing up their slow accounts.

It appears, however, that many treasurers are making a mistake by concentrating all their efforts on loans delinquent six months or over.

We would urge treasurers to put forth their greatest efforts on loans

## SERVICE

Some of the reasons your fellow employees have borrowed money from the Credit Union.

PAY DOCTOR AND HOSPITAL BILLS  
PAY DENTAL BILLS  
BUY CAR  
REPAIR CAR  
BUY BOAT  
HIRE BULLDOZER FOR LAND CLEARING  
BUY UNIMPROVED PROPERTY  
HELP OUT ON DOWN PAYMENT ON HOME  
BUILD PUMP HOUSE AND GARAGE  
BUY LIVESTOCK  
BUILD UP SAVINGS IN SHARE ACCOUNT  
BUY FURNITURE  
PAINT HOME  
PUT CONCRETE SIDEWALK AND FLOOR IN GARAGE  
BUY CLOTHING  
CONSOLIDATE BILLS  
PAY OFF LOAN WITH LOAN COMPANY  
PAY BALANCE DUE ON MORTGAGE

This list represents only part of the many reasons why your Credit Union has loaned money. If you need money for any worthwhile purpose come in and see

### YOUR CREDIT UNION

Office Hours:  
12 till 1 o'clock week days  
Except Saturday

One of a series of 8½ by 11 inch bulletins posted by Longview Fibre Company Employees Federal Credit Union, Longview, Washington.

two to six months delinquent and prevent these loans from dropping into the longer term delinquency. Many of these loans could be brought up to date if action was taken immediately rather than letting the account drag along until a serious situation developed.

It is a part of credit union education to impress our members that when they sign a note they are executing a legal contract.

Concentrate on each account as it shows signs of becoming delinquent.—CONNECTICUT CREDIT UNION NEWS.

### Wise Men Say—

¶ The man who reads is the man who leads.—*Father Tompkins.*

¶ He who borrow money from Loan Shark Company pretty quick think he is buying Loan Shark Company.

¶ Many small leaks make a great loss.

¶ Merely having an open mind is nothing. The object of opening the mind, as of opening the mouth, is to shut it again on something solid.—*G. K. Chesterton.*

¶ A man is never so ridiculous by those qualities that are his own, as by those that he affects to have.—*Benjamin Franklin.*

¶ Niver put out your han' farder nor ye can draw it back again.—*Irish Proverb.*

¶ I don't know who my grandfather was; I am much more concerned to know what his grandson will be.—*Lincoln.*

¶ There is no truth more thoroughly established than that there exists in the economy and course of nature an indissoluble union between virtue and happiness.—*Washington.*



# Here's Setup

The Job Is a Pressing One

WE live today in a new period of history. It is an atomic age, bringing far-reaching scientific developments, installation of new industrial methods, the devising of better machinery for human relations, and the arrangement of strong international government to outlaw war and to police global communities and highways. We credit unionists have a job of overhauling on our hands, too. It calls for complete re-examination of our methods of operating and of our personnel, to the end that this structure we have striven to preserve at so much sacrifice during the war, will be able to cope with the new succeeding economic environment.

## Specifically . . .

Specifically, what elements are confronting us today with a distinct challenge? These factors:

1. A vastly increased abundance of money which has induced commercial banks to invade the personal loan field on a large scale with attractive rates, easy terms, and simpler collateral requirements. Insurance companies are following suit and will compete to place automobile loans—along with credits for other purposes.

2. Finance companies are expanding, their neon lights beaming to dazzle consumers whose resources soon dwindle in the heat of greediness. And in their haste these consumers early agree to terms that later bring regret and hardship.

3. Growing buying opportunities that will entice the saving of countless thousands of people. After several years of restricted buying, who does not feel impelled to purchase new equipment and enjoy new pleasures? How many of our members will reason out how to obtain best dollar values and intelligently plan their buying over the next few years?

4. Efforts to hamper credit union operations by proposed taxes and other restrictions.

## Major Steps Required

Every credit union, therefore, has definitely a tough job on its hands. Every board of directors has occasion to review its operating methods immediately, to study current conditions, and to present recommendations at the coming annual meeting which will enable their credit unions to cope successfully with challenges that are already here. Major steps to take to meet these problems are given below:

1. Re-examine all personnel with a view to obtaining the best material in your whole field of membership. Plan needed committees carefully and see that adequate educational publications for your new staff are on hand. Careful allocation of responsibilities and division of work should lead to greater accomplishment.

2. Restrictions on monthly deposits and maximum accounts warrant review. If our members feel discouraged in saving efforts and are tempted to spend freely, should we "let down the bars" in the near future?

3. See that office facilities are sufficient for personnel who work there. Lack of equipment is a handicap. An

unattractive office will not favorably impress your members. Skillful carpentry and painting can dispel indifference and get members to talking favorably. If you need a whole new office, go after your chiefs and "work on them."

4. Get an educational program that will be an eye-opener. Reach every associate with attractive, publicity that tells the truth. And repeat the dose in new forms and colors! Many excellent ideas are published in *BRIDGE* and your league has numerous samples of effective circulars and posters to show you.

So we have an immediate job to perform. Careful preparation, however,



## Back Again . . . .

### Cuna Calendar Banks

Order promptly, since the supply is still limited. \$1.25 each, less 20 per cent to member credit unions. May be obtained from your credit union league if it handles supplies or

**Cuna Supply Cooperative**

**Madison 1, Wisconsin**

will enable you to distribute the burdens and secure much more effective results. Let's take all factors into account and make the post-war period truly productive. — CREDIT UNION COUNSELOR.

## Canadian Credit Unions

### Form Federation

"CANADIAN FEDERATION of Canadian Credit Unions" was founded on November 25, 1945.

The officers elected are: A. C. Savage, president; Rev. Nelson MacDonald, vice president; J. M. Burns, honorary secretary; Gordon Smith, secretary-treasurer. We understand that this is a provisional board.

Objects of the Federation are:

1. The compiling of statistical records on Canadian credit unions.
2. To watch and report on Provincial and Dominion legislation affecting Canadian credit unions.
3. To keep the Provincial Leagues informed on matters of interest in the movement.
4. To keep records on credit union bonding in Canada, and inform the leagues of any delays in its members' renewals.
5. To co-ordinate and act as a clearing house for educational and promotional material.
6. To handle the dues paid.
7. To act as Agent for the Cuna Mutual Insurance Company.
8. To encourage all leagues to affiliate with Provincial sections of the Co-operative Union.

It is expected that a Canadian office with full-time manager and staff will be provided through an arrangement with the Credit Union National Association sometime during the coming year. This office will handle the work of organization, as well as being agents for Cuna Mutual and other services when they are made available.

It is understood that the organization of this Federation is to in no way affect the affiliation of Canadian Provincial Credit Union Leagues with the Credit Union National Association.

## What's Your Score?

THE GARTON TOY CREDIT UNION, Sheboygan, Wisconsin, scored 68 on the credit union score sheet published on pages 8-9 of the January BRIDGE. They sent their report in early, and as we go to press no other reports have been received. What is your credit union's score?

## Belated Credit

WE INTENDED but failed to note that the photographs illustrating the arti-

cles "\$110,625 Increase In One Year" and "Rock Run Credit Union" in the January BRIDGE were the work of Mr. Shanklin, of Shanklin Studio, Goshen, Indiana.

### Cover Picture

ONE of the posters stocked by Cuna Supply Cooperative. The poster is somewhat longer than shown (10½ by 14 inches); has spaces for name of treasurer, location of office, and office hours. Its colors are blue, orange and white.

A complete list of the posters and other promotional materials stocked may be found starting on page 204 of the September BRIDGE, or may be obtained from Cuna Supply Cooperative, Madison 1, Wisconsin.

Our purpose in featuring this particular poster is two-fold:

First, to remind credit union directors, new and old, that many other loan agencies are getting loan business which credit unions might well have. As one government offi-

cial wrote us, "Commercial banks, particularly, seem to be enthusiastic and brimming over with plans for serving a much larger share of the small loan market."

Second, credit unions won't get their share of this business if they don't go out after it—after making their operations efficient and prompt. Credit unions have the service to render, but they must tell their members and potential members about it, again and again. Posters are one way.

### And by the Way—

We are always on the lookout for credit union pictures for our cover. If you have, or obtain in the future, a glossy print photograph, which shows credit union activity in a pictorial way (not stiltedly) we'd appreciate being given a chance to use it. We'll return the print promptly if we can't use it, and as soon as we are through with it if we can. The print should be a large one; not a snap shot; and must, of course, be of dimensions which are adaptable to our cover.

## More for Less

**RECENTLY** we were asked to compare the bonding coverage a certain credit union was buying with what it could buy through Cuna Insurance Research Division.

We were surprised ourselves. Here is the story:

	Their Bond	Cuna Primary Bond	Cuna Excess Bond (if qualified†)	Cuna Grand Total
<b>Covering</b>				
Treasurer .....	\$20,000	\$20,000*	\$50,000	\$70,000
Assistant Treasurer	1,000	6,000	50,000	56,000
Office Manager .....	1,000	6,000	50,000	56,000
Bookkeeper .....	1,000	6,000	50,000	56,000
Burglary & Robbery	2,000	6,000	.....	6,000
<b>Cost</b>				
Cost for one year....\$	129.00	\$ 123.50	.....	\$ 123.50
Cost for three years	342.50	308.75	.....	308.75
Annual cost on three-year basis....	114.17	102.91	.....	102.91

\*Cuna Primary bond on treasurer includes \$14,000 underlying coverage, plus \$6,000 Blanket Bond, which also covers others mentioned and provides Faithful Performance coverage on all.

†To qualify for Excess Bond coverage a credit union must (1) be a member of a credit union league affiliated with Cuna, (2) carry primary bond coverage through Cuna, and (3) carry primary bond on treasurer in an amount equal to 15 per cent of the credit union's assets as of the previous December 31.

Another demonstration that Cuna membership pays in dollars and cents.

**Credit Union National Association**  
Madison 1, Wisconsin

# Our Readers Write



## Correction

TO THE EDITOR:

Guess you got an un-corrected bulletin last month; and then you had to print it. Sorry!!—L. Villeneuve, president Bull's-Eye Credit Union, Wisconsin Rapids, Wisconsin.

We quoted an item from the credit union's bulletin about "Car Financing Rates," on page 20 of the January BRIDGE. One of the last sentences read "Going a little further we found he could have complete coverage, including medical and emergency road service and still pay us only \$40.68." The figure should have been "\$64.58." The credit union still had the best offer by far, however.

## Benefits for Many Months to Come

TO THE EDITOR:

I would like to report on the Membership Drive which our credit union has just completed.

Our first move was to set up an Educational Committee which consisted of a representative group from the two companies in which we operate. Then we sent a letter to each member requesting his cooperation in the Membership Drive and also suggesting that he examine his own affairs to see if he could make greater use of the credit union. As an added incentive we subscribed for both Life Savings and Loan Protection policies with CUNA Mutual Insurance Society.

The results were very gratifying. Our membership increased from 485 to 572 or a gain of 18 per cent. The members savings rose phenomenally from \$21,290.52 at the end of August to \$30,898.67 at the end of November—a gain of 45.13 per cent.

This does not present the entire picture of the great success of our campaign as the interest of the members has been aroused and we will benefit by it for many months to come.—E. T. McCaffrey, secretary-treasurer the Assiniboine Credit Union Society, Ltd., Fort Garry, Manitoba.

## A Great Comeback

TO THE EDITOR:

In reading your September 1945 issue of the BRIDGE, we were interested in the article "Ruagg," the story of the success of the Line Material Credit Union of Milwaukee, Wisconsin. We have a similar story of our credit union, Grasselli-Meadowbrook Works

Federal Credit Union, and we believe that you may be interested in it.

To begin, we were at a standstill; there was no interest and the officers were in favor of liquidation; the credit union was practically dead. This was in June, and we had not had our annual meeting of the members when we were visited by the Federal Examiner, Mr. Golm, and a few days later by Mr. Rhodes of Cuna. After talking to them, we decided to try to make the credit union go once more or liquidate. We held our annual meeting and elected new officers and started to canvass our plant for new members. We were very successful and here is what we accomplished:

As of May 31, 1945, the total loans were 8 for \$268.65; cash in bank \$702.84; total assets \$971.49; members 75; and shares \$887.91. As of November 30, 1945 (6 months later)—total loans 31 for \$2,071.68, an increase of 771 per cent; cash in bank \$3,647.26; total assets \$5,718.94, an increase of 589 per cent; members 218, an increase of 291 per cent; shares \$5,566.65, an increase of 627 per cent.—Charles L. Crane, president Grasselli-Meadowbrook Works Federal Credit Union, Spelter, West Virginia.

## Helpful in Many Ways

TO THE EDITOR:

Enclosed you will find a copy of the material we have just sent out to all credit unions in B.C. We hope it will encourage a more interesting type of annual meeting.

As you will notice, some of the cartoons used on the front page were copied from your excellent publica-

tion. We find it helpful in many ways in our work among credit unions and cooperatives in B.C.—Lin Brown, field worker, Department of University Extension, the University of British Columbia, Vancouver, British Columbia.

## Indiana Meetings

A NOTABLE SERIES of eight credit union conferences covering a large part of the state were held in Indiana last fall under the sponsorship of the Indiana Credit Union League.

C. R. Orchard, head of the Federal Credit Union Section in the Federal Deposit Insurance Corporation, and C. E. Oldham, managing director of the league, visited with credit union groups in Indianapolis, Evansville, Terre Haute, Muncie, Marion, South Bend, Gary and Fort Wayne.

The conferences were concerned primarily with three sets of problems, having to do with (1) redemption of war bonds and how credit unions might qualify for that task, (2) loans to be made by credit unions in the period ahead and the advisability of "limbering up" credit committees, and (3) reconversion problems and methods of offering greater service to members.

In all, 85 credit unions were represented at the meetings, with about 400 members present. The first of the meetings, in Indianapolis, drew 133 persons. It was a dinner meeting with W. Lloyd Alsman, president of the Central Chapter, presiding.

## Purdue Credit Union Clinic

On December 3, the Indiana Credit Union League sponsored a "Credit Union Clinic" at Purdue University. The morning was given over to small group meetings at which directors, treasurers, credit committee members and supervisory committee members discussed their special problems. These meetings were presided over by E. E. Barnbrook, Harry N. Whittern, H. H. Blanchard and Lillo Ewers.

In the afternoon a general session presided over by Daniel Mohr, first vice-president of the league, discussed Regulation W and bonding. E. A. Heath, of the Federal Reserve Bank of Chicago, led the discussion of Regulation W. Mr. Oldham reviewed the recent changes in the bonding setup.

In the evening a chicken dinner was followed by a spirited talk by Louis Warbington, of the Ohio Farm Bureau.



AMERICAN JUNIOR RED CROSS



Mr. Warbington drew upon the experience of the farmers of Ohio to stress that in united study and united action for the common good is the hope of our communities and of the world.

Among the guests present were examiners of Federal credit unions in Indiana, Michigan and Wisconsin, who had just finished a conference of their own in nearby Lafayette, Indiana.

The clinic was held in the beautiful Student Memorial Union on the campus of Purdue University. The luxurious rooms in the midst of expansive lawns and walks, along with the democratic atmosphere, led one to remark that it was similar to, but better than, enjoying the hospitality of a great estate.



### *The Monkey's Viewpoint*

THREE MONKEYS sat in a coconut tree, Discussing things as they're to be, Said one to the others, "Now listen, you two, There's a certain rumor that can't be true; That man descended from our noble race; The very idea is a disgrace.

"No monkey ever deserted his wife, Starved her babies and ruined her life, And you've never known a mother monk To leave her babies with other to bunk, Or pass them on from one to another, Till they scarcely know who is their mother.

"And another thing you'll never see; A monk build a fence around a coconut tree And let the coconuts go to waste, Forbidding all other monkeys a taste; Why, if I'd put a fence around a tree Starvation would force you to steal from me.

"Here's another thing a monk won't do, Go out at night and get on a stew; Or use a gun, a club, or knife. To take some other monkey's life. Yes, Man descended, the ornery cuss But, Brother, He didn't descend from US!"

—Author Unknown.

### *You May Borrow Them*

CREDIT UNION NORTH AMERICA, by Roy F. Bergengren, which presents in a comprehensive way the history and philosophy of credit unions and the credit union movement, may be borrowed for 30 days free of charge from the Organization and Education Department, Credit Union National Association, Madison 1, Wisconsin.

The Department is also lending a small supply of PADDY THE COPE, by Patrick Gallagher. This is an absorbing story of how an Irishman led his Irish village from abject poverty, and exploitation by the gombeen men, to a generous measure of prosperity and success.

### *That "Old Job"*

"Maybe the average soldier wants his 'old job' back and maybe not. Personally, I don't. Of course I'm prejudiced. I was a lousy \$16 a week factory hand. It is a pretty sad state if all our country has to offer the returning serviceman is his 'old job back' or 'another one just as good.'

"My dreams of home and the pre-war days are just as rosy as the next

guy's. But I also know that after being back a month or so most GI's will be just as dissatisfied with their status as before they went into service. We are not satisfied simply to 'go back.' We hope we have the guts to go forward."—S/Sgt. Paul Cropman in the "Mail Call" department of YANK.

### *He Taught Them How*

SEVERAL YEARS AGO a head of a New York corporation engaged a stage director to teach his sales clerks how to smile.

This stage director took the salesmen, one at a time, analyzed their smiles and showed them how to smile effectively.

Many who thought they were smiling were merely smirking. Their lips went through smile motions but their eyes did not have one in them.

It took two weeks of solid work in a smile clinic to teach these men how to smile as if they enjoyed smiling.

Believe it or not, as a result of that teaching, the sales increased 15 per cent. Substituting smiles for scowls sends a sales thermometer upward.—THE CURTIS COURIER.

## *She was \$840 to the good*

A MEMBER of a credit union in Nova Scotia was killed last June while working on the Halifax waterfront as a stevedore.

At that time he had a \$300 balance in his credit union share account and owed \$540 on a credit union loan. The widow was worried about paying off the loan.

But, fortunately the credit union carried Cuna Mutual Loan protection and Life Savings Insurance.

Therefore, the treasurer told her that the credit union had insured her husband's life in an amount equal to his loan balance and that the loan balance would be paid by Cuna Mutual. So she could dismiss that worry.

And, the treasurer had the further pleasure of telling her the credit union had also insured her husband's savings. So Cuna Mutual would add another \$300 to his \$300 share balance.

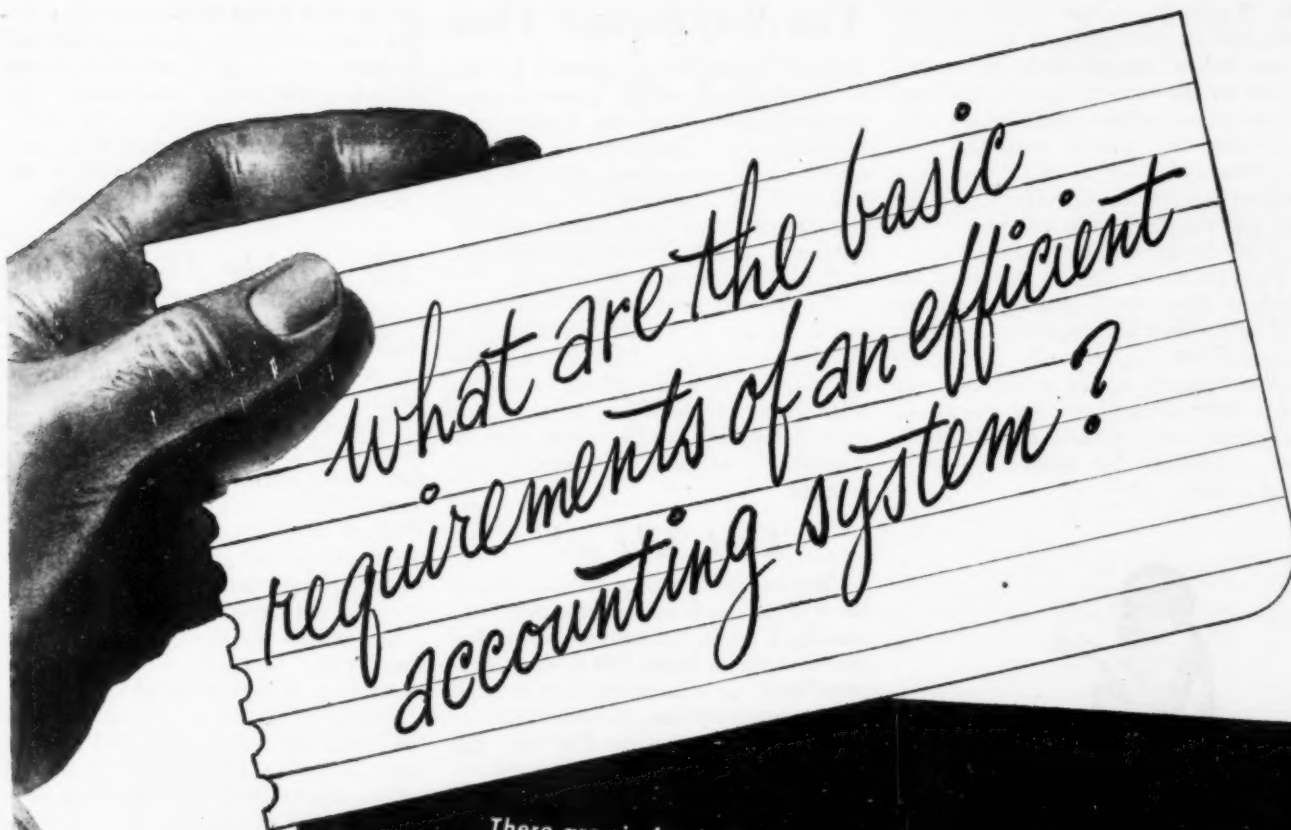
A net gain for her of \$840—the \$540 loan balance she did not have to pay, plus the extra \$300 share balance she received.

Does your credit union carry Cuna Mutual Loan Protection and Life Savings Insurance?

## **Cuna Mutual Insurance Society**

Madison 1, Wisconsin

Hamilton, Ontario



There are six fundamental requirements of an efficient accounting system for a credit union organization. A complete accounting system must do all of these:

1. It must eliminate wasted time.
2. It must insure protection for the vital figures of your organization.
3. It must keep complete and accurate records.
4. It must be economical.
5. It must provide an accurate system of proof.
6. It must eliminate human errors.

A system which meets every one of these requirements is available in one machine. The National window posting machine is designed to speed business and to keep more accurate records for your credit union. This machine posts the credit union's ledger card, the member's receipt folder and a detailed journal sheet, *all* in the same operation. All printings are original—no carbon is used. The amounts posted are added into locked totals to insure protection. The National window posting machine works equally well whether employees make their payments in cash or through

payroll deductions.

This machine gives you positive check on every transaction from the second it's made, and provides a quick balance and a detailed analysis of the day's business, at the end of the day.

Let the National representative demonstrate the efficiency of the National window posting machine to you. Decide for yourself after you've seen the facts. Call your local National representative or write The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.

**National**

CASH REGISTERS • ADDING MACHINES  
ACCOUNTING-BOOKKEEPING MACHINES